Maybank
growth & stability

COVER RATIONALE

A son reaches up from atop his mother's shoulders, in the background a single tree thrusts upwards and outwards, giving shelter to both. These optimistic symbols of hope, strength and stability need no explanation and it is for this reason they were chosen for the front cover of the annual report 2002.

MISSION

The leading provider of financial services meeting the different needs of our targeted customers through an efficient and integrated Group.

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NOTICE OF THE 42ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 42nd Annual General Meeting ('AGM') of the Shareholders of Malayan Banking Berhad (3813-K) ('Maybank') will be held at the 51st Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur on Tuesday, 8 October, 2002 at 11.30 a.m. for the purpose of transacting the following business: -

As Ordinary Business

1. To receive the Reports of the Directors and Auditors and the Statutory Financial Statements for the Year ended 30 June, 2002. — Resolution 1

2. To declare a final dividend of 7 sen per share less 28% income tax as recommended by the Board. — Resolution 2

3. To re-elect the following directors who are retiring by rotation in accordance with Articles 96 and 97 of the Articles of Association of Maybank and being eligible have offered themselves for re-election: -

   (i) Tan Sri Mohamed Basir bin Ahmad — Resolution 3
   (ii) Haji Mohd Hashir bin Haji Abdullah — Resolution 4
   (iii)Datuk Abdul Rahman bin Mohd Ramli — Resolution 5

4. To re-elect Ms Hooi Lai Hoong who is retiring in accordance with Article 100 of the Articles of Association of Maybank and being eligible has offered herself for re-election. — Resolution 6

5. To consider and if thought fit, pass the following Resolution in accordance with Section 129(6) of the Companies Act, 1965: -

   "That the following retiring in accordance with Section 129 of the Companies Act, 1965 be and hereby re-appointed as directors of the Company to hold office until the next Annual General Meeting: -

   (i) Dato'Richard Ho Ung Hun — Resolution 7
   (ii) Raja Tan Sri Muhammad Alias bin Raja Muhd Ali." — Resolution 8

6. To approve the revision and payment of Directors' Fees in respect of the Year ended 30 June, 2002. — Resolution 9

As Special Business

7. To appoint Messrs Ernst & Young as Auditors to hold office until the conclusion of the next AGM in the year 2003 and to authorise the Board to fix their remuneration. — Resolution 10

8. To consider and if thought fit, to pass the following Ordinary Resolution: - — Resolution 11

   "That pursuant to Section 132D of the Companies Act, 1965, that Directors be and they are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the issued share capital of the Company for the time being, subject always to the approval of all relevant Regulatory Authorities being obtained for such issue and allotment."

By Order of the Board,

MAHIRAM HUSIN
LS007885
Company Secretary

Kuala Lumpur
16 September, 2002

Notes

1. A Member entitled to attend and vote at the 42nd AGM is entitled to appoint a proxy to attend and, on a show of hands or on a poll, to vote instead of him.A proxy shall be a Member of the Company, an Advocate, an approved Company Auditor or a person approved by the Companies Commission of Malaysia (formerly Registrar of Companies).

2. Form of Proxy of a corporation shall be given under its Common Seal.

3. Duly completed Form of Proxy must be deposited at 14th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur, by 4 October, 2002 at 11.30 a.m.

4. For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.

5. For scripless, only members registered in the Record of Depositors on or before 12.30 p.m. on 4 October, 2002 shall be eligible to attend the AGM.

6. **Note On Special Business**

The proposed Ordinary Resolution 11 if passed, is to give the Directors of the Company flexibility to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting.This authority will expire at the next AGM of the Company.

7. **Kuala Lumpur Stock Exchange (KLSE) Listing Requirements**

7.1 Pursuant to Paragraph 8.28(2) of the KLSE Listing Requirements, the details of Directors standing for re-election as in Agenda 3, 4 and 5 of the Notice of the AGM are set out in the Directors' Profiles appearing in this Annual Report.

7.2 For the year a total of 17 meetings held. Details of attendance at Board Meetings held in the Financial Year Ended June 30, 2002 as follows: -

Name of Director	No. of Meetings Attended
Tan Sri Mohamed Basir bin Ahmad	15/17
Dato'Richard Ho Ung Hun	17/17
Datuk Amirsham A Aziz	17/17
Raja Tan Sri Muhammad Alias bin Raja Muhd Ali	16/17
Mohammad bin Abdullah	16/17
Dato'Mohd Hilmey bin Mohd Taib	15/17
Haji Mohd Hashir bin Haji Abdullah	16/17
Teh Soon Poh	17/17
Datuk Abdul Rahman bin Mohd Ramli	17/17
Dato'Mohammed Hussein	16/17

Closure of Books

Subject to the approvals of the Shareholders at the 42nd AGM, a final dividend of 7 sen per share less 28% income tax will be paid on 25 October, 2002 to Shareholders registered in the Register of Members at the close of business on 11 October, 2002.

Notice is hereby given that the Register of Members will be closed from October 12, 2002 to 14 October, 2002, for the determination of shareholders' entitlements to the final dividend.

A Depositor shall qualify for the entitlements to the final dividend only in respect of: -

a. Shares deposited into the Depositors'Securities Accounts before 12.30 p.m.on 9 October, 2002 (in respect of shares exempted from mandatory deposit).

b. Shares transferred to the Depositors' Securities Accounts in respect of ordinary transfers before 12.30 p.m. on 11 October, 2002.

c. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

FINANCIAL HIGHLIGHTS

Results (RM Million)	The Group		The Bank	
	2002	2001	**2002**	2001
Net interest income	**3,952**	4,009	**2,773**	2,782
Non-interest income	**1,598**	1,307	**1,119**	1,244
Net income	**5,941**	5,622	**4,123**	4,197
Operating profit (before provisions)	**3,760**	3,504	**2,587**	2,748
Profit before taxation	**2,384**	1,510	**1,444**	1,435
Profit after taxation and minority interest	**1,648**	840	**987**	901
Dividends	**307**	204	**307**	204

Selected Balance Sheet Items (RM Million)	The Group		The Bank	
	2002	2001	**2002**	2001
Dealing and investment securities	**25,778**	22,276	**17,089**	13,762
Loans and advances	**95,507**	98,094	**75,000**	76,953
Total assets	**149,664**	146,336	**116,823**	113,852
Deposits from customers	**102,572**	97,016	**81,998**	77,926
Total liabilities	**137,640**	135,976	**107,237**	105,214
Shareholders'funds	**11,667**	10,040	**9,586**	8,638
Commitments and contingencies	**70,715**	72,425	**65,406**	65,533

Capital Adequacy Ratios (%)	The Group		The Bank	
	2002	2001	**2002**	2001
Core capital ratio	**10.35**	9.17	**10.87**	10.03
Risk-weighted capital ratio	**15.62**	13.05	**14.51**	11.61

Financial Ratios (%)	The Group		The Bank	
	2002	2001	**2002**	2001
Net income per ordinary share (RM)	**1.67**	2.39	**1.16**	1.78
Net return on average shareholders'funds	**15.18**	8.23	**10.83**	10.36
Net return on average assets	**1.11**	0.61	**0.86**	0.85
Loans and advances to deposits	**93.11**	101.11	**91.47**	98.75
NPL ratios (Net)	**7.22**	7.74	**6.87**	6.99
Loan loss coverage	**71.23**	69.08	**71.75**	70.37

Share Information	The Group		The Bank	
	2002	2001	**2002**	2001
Number of ordinary shares in issue ('000)	**3,550,181**	2,352,225	**3,550,181**	2,352,225
Earnings per share				
- Basic	**46.5 sen**	23.8 sen*	**27.8 sen**	25.6 sen*
- Fully diluted	**46.2 sen**	23.6 sen*	**27.7 sen**	25.3 sen*
Dividend rate				
- Interim paid	**5%**	5%	**5%**	5%
- Proposed final	**7%**	7%	**7%**	7%
Dividend cover	**5.37**	4.12	**3.21**	4.42

* based on enlarged capital after 1:2 bonus issue in 2002

5-YEAR GROUP FINANCIAL SUMMARY

Results (RM Million)	2002	2001	2000	1999	1998
Operating profit (before provisions)	**3,760**	3,504	3,657	3,283	3,460
Profit before taxation	**2,384**	1,510	2,137	1,011	553
Profit after taxation and minority intrest	**1,648**	840	1,360	970	130

Assets (RM Million)	2002	2001	2000	1999	1998
Total assets	**149,664**	146,336	130,335	120,068	118,261
Loans and advances	**95,507**	98,094	82,441	78,890	81,599

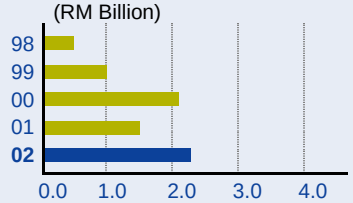
Liabilities and Shareholders'Funds (RM Million)	2002	2001	2000	1999	1998
Deposits from customers	**102,572**	97,016	81,867	77,551	70,025
Paid-up share capital	**3,550**	2,352	2,338	2,309	2,287
Shareholders'funds	**11,667**	10,040	10,360	9,217	8,407

Financial Ratios (%)	2002	2001	2000	1999	1998
Net return on average shareholders'funds	**15.18**	8.23	13.89	11.01	1.56
Net return on average assets	**1.11**	0.61	1.09	0.81	0.11
Loans and advances to deposits	**93.11**	101.11	100.70	101.73	116.53

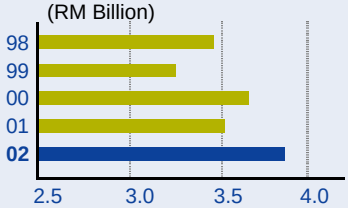
Share Information	2002	2001	2000	1999	1998
Basic earnings per share	**46.5 sen**	23.8 sen*	38.8 sen*	28.0 sen*	3.8 sen*
Net tangible assets backing per share	**RM3.29**	RM2.85*	RM2.95*	RM2.66*	RM2.45*
Dividend rate					
- Interim paid	**5%**	5%	5%	3%	9%
- Proposed final	**7%**	7%	13%	9%	6%
Dividend cover	**5.37**	4.12	4.47	4.87	1.05

* based on enlarged capital after 1:2 bonus issue in 2002

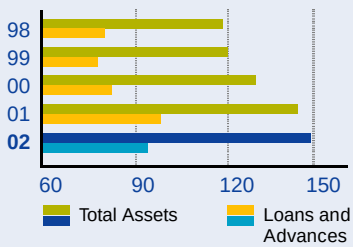
Profit Before Taxation
(RM Billion)



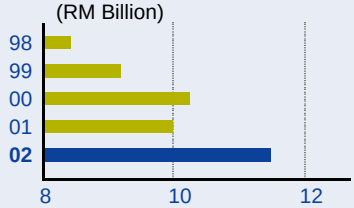
Operating Profit (before provisions)
(RM Billion)



Total Assets & Loans and Advances
(RM Billion)



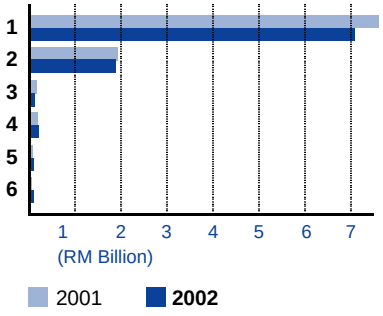
Shareholders'Funds
(RM Billion)



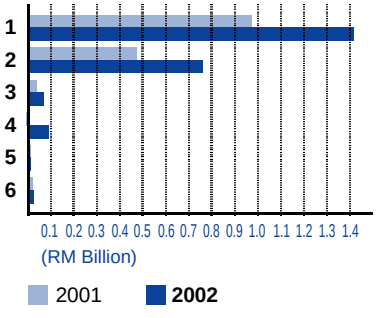
SEGMENT INFORMATION

Analysis By Activity

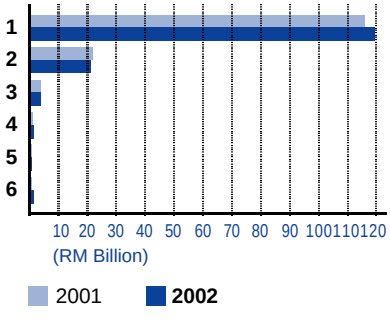
Revenue		(RM'000)
	2002	2001
1 Commercial and Merchant Banking	**7,129,942**	7,687,291
2 Finance Company, Leasing and Factoring Operations	**1,920,249**	1,977,850
3 Discount House	**189,625**	195,980
4 Insurance	**276,588**	256,711
5 Stocks and Futures Broking	**58,125**	41,636
6 Others	**53,339**	43,551



Profit Before Taxation		(RM'000)
	2002	2001
1 Commercial and Merchant Banking	**1,419,627**	979,275
2 Finance Company, Leasing and Factoring Operations	**765,054**	477,263
3 Discount House	**72,020**	39,915
4 Insurance	**96,536**	(5,770)
5 Stocks and Futures Broking	**9,087**	1,722
6 Others	**21,463**	17,547

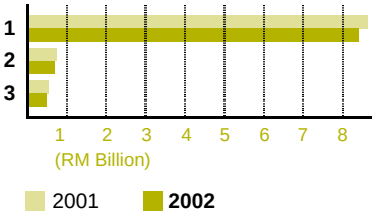


Total Assets Employed		(RM'000)
	2002	2001
1 Commercial and Merchant Banking	**119,131,706**	116,701,302
2 Finance Company, Leasing and Factoring Operations	**22,789,589**	22,897,946
3 Discount House	**4,224,030**	4,312,960
4 Insurance	**1,940,959**	1,516,683
5 Stocks and Futures Broking	**432,897**	197,977
6 Others	**1,144,726**	709,220

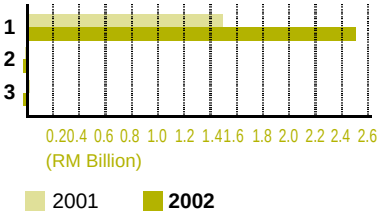


Analysis By Geographical Location

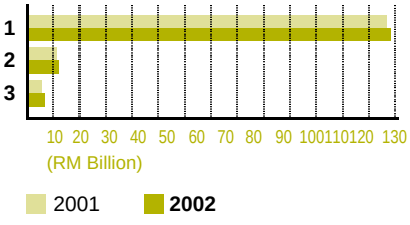
Revenue		(RM'000)
	2002	2001
1 Malaysia	**8,403,392**	8,810,452
2 Singapore	**730,192**	737,787
3 Other Locations	**494,284**	654,780



Profit Before Taxation		(RM'000)
	2002	2001
1 Malaysia	**2,553,653**	1,480,747
2 Singapore	**(99,621)**	(16,930)
3 Other Locations	**(70,245)**	46,135



Total Assets Employed		(RM'000)
	2002	2001
1 Malaysia	**129,890,257**	128,487,633
2 Singapore	**12,687,865**	11,681,731
3 Other Locations	**7,085,785**	6,166,724

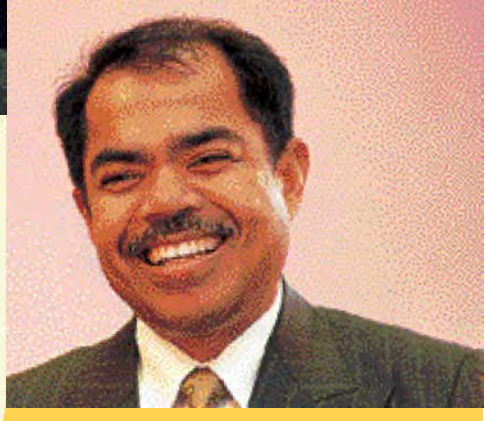


BOARD OF DIRECTORS

Vice Chairman
Dato'Richard Ho Ung Hun
D.P.M.P.

Member
Teh Soon Poh

President and CEO
Datuk Amirsham A Aziz
P.J.N.



Deputy President
Hooi Lai Hoong
(Appointed on
4 September, 2002)

Member
Raja Tan Sri Muhammad Alias
bin Raja Muhd. Ali
P.J.K., P.P.T., K.M.N., S.M.P., J.M.N.,
D.P.S.K., D.I.M.P., D.P.J., P.S.M., S.J.J.

Member
Dato'Mohd Hilmey bin Mohd Taib
S.M.P., D.I.M.P.

CORPORATE INFORMATION

Maybank
(Incorporated in Malaysia in 1960)

Registered Office
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur, Malaysia

Member
Mohammad bin Abdullah

Member
Haji Mohd Hashir bin Haji Abdullah
J.M.N., S.M.S., P.P.T.

Chairman
Tan Sri Mohamed Basir bin Ahmad
P.S.M., J.S.M., D.P.C.M.

Deputy President
Dato'Mohammed Hussein
D.J.M.K.

Member
Datuk Abdul Rahman bin Mohd Ramli
P.J.N.

Tel : (6)03 2070 8833
Telex : MA 30438
Facsimile : (6)03 2070 2611
Cable : MAYBANK
SWIFT : MBBEMYKLA
Website : http://www.maybank2u.com
e-mail:publicaffairs@maybank.com.my

Registrar
Maybank
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur, Malaysia

Listed on
The Kuala Lumpur Stock Exchange
Main Board on 17 February, 1962

Company Secretary
Mahiram Husin
155, Jalan BK 4/2, Bandar Kinrara
58200 Kuala Lumpur, Malaysia

Auditors
Messrs Arthur Andersen & Co
Public Accountants

PROFILE OF DIRECTORS

Tan Sri Mohamed Basir bin Ahmad
(64 years of age - Malaysian)
B.A.,AMP (Harvard)

Non-Independent Non-Executive Director. He worked with Bank Negara Malaysia from 1965 and retired in 1993 as Advisor. He is a Fellow Member of the Malaysian Institute of Bankers since 1980.

Appointed as Chairman of Maybank on October 9, 1993 and also serves as Chairman of the Strategic Planning, Management Development and Compensation, Nomination and Credit Review Committees of the Board.

Current directorships in public companies include Mayban Fortis Holdings Bhd, Mayban Life Assurance Bhd, Mayban General Assurance Bhd, Aseambankers Malaysia Bhd, Mayban International Trust (Labuan) Bhd, Maybank International (L) Ltd, Maybank (PNG) Ltd, PT Bank Maybank Indocorp, Maybank Philippines Incorporated, PhileoAllied Securities (Philippines) Incorporated, Mayban Allied Bhd (formerly known as PhileoAllied Bank (Malaysia) Bhd) and Mayban Takaful Bhd.

Attended 15 out of the 17 Board Meetings held in the financial year. No family relationship with any Director and is a nominee of the major shareholder of Maybank.No conflict of interest with Maybank and had never been charged for any offence.

Dato'Richard Ho Ung Hun
(75 years of age - Malaysian)
Barrister at Law (Lincoln's Inn)

Independent Non-Executive Director. He was a Member of Parliament from 1969 to 1982.He was appointed as Deputy Minister of Road Transport in 1974 and was subsequently appointed as Deputy Minister of Finance in 1976.In 1978, he was appointed as Minister without Portfolio in the Prime Minister's Department and subsequently as Minister of Labour and Manpower in the same year.

Appointed Vice-Chairman of Maybank on January 27, 1983 and also serves as a Member of the Strategic Planning, Management Development and Compensation, Nomination and Credit Review Committees of the Board. Current directorships in public companies include Mayban Finance Bhd, Mayban Management Bhd, Aseamlease Bhd, Mayban Trustees Bhd, Aseambankers Malaysia Bhd, Mayban International Trust (Labuan) Bhd, Maybank International (L) Ltd and Pengurusan Danaharta Nasional Bhd.

Attended all the 17 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank.Has a Tenancy Agreement with Maybank to rent a unit of four-storey shop house to be used as branch premises. Has never been charged for any offence.

Datuk Amirsham A Aziz
(52 years of age - Malaysian)
B.Econs (Hons),Member of MICPA

Non-Independent executive director. President and CEO of the Maybank Group. He joined the Maybank Group in 1977 and has worked in various capacities within the Group.

Appointed as the Managing Director of Maybank on May 1, 1994 and serves as a member of Strategic Planning, Management Development and Compensation and Risk Management Committees of the Board.He is the Chairman of the Group Management Committee.

Current directorships in public companies include Mayban Finance Bhd, Aseambankers Malaysia Bhd, Maybank Fortis Holdings Bhd, Credit Guarantee Corporation Malaysia Bhd, Cagamas Bhd, Perbadanan Usahawan Nasional Bhd, AFC Merchant Bank Ltd, Asean Fund Ltd and Asean Supreme Fund Limited.

He is also the Chairman of Malaysian Electronic Payment System (1997) Sdn Bhd and a Council Member of the Association of Banks in Malaysia.

Attended all the 17 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank.No conflict of interest with Maybank.Has never been charged for any offence.

Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali
(70 years of age - Malaysian)
B.A (Hons), AMP (Harvard), D.Sc. (Hons), D.Econs (Hons)

Independent Non-Executive Director. He was the Group Chairman of Felda from May 1, 1979 to June 30, 2001.

Appointed a Director of Maybank on March 31, 1978.He also serves as Chairman of Risk Management and a Member of the Strategic Planning, Management Development and Compensation, Nomination and the Maybank Group Employee Share Option Scheme Committees of the Board.

Current directorships in public companies include Mayban Fortis Holdings Bhd, PT Bank Maybank Indocorp, Kuala Lumpur Kepong Bhd, Sime Darby Bhd, Batu Kawan Bhd, Cerebos Pacific Ltd and Kumpulan Guthrie Bhd.

Attended 16 out of 17 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank.
No conflict of interest with Maybank.
Has never been charged for any offence.

Mohammad bin Abdullah
(61 years of age - Malaysian)
Member of MICPA, Member of MIA

Independent Non-Executive Director. He was the Chairman of Coopers & Lybrand Malaysia prior to his retirement in 1995 and is currently the Chairman of Malaysian National Reinsurance Bhd, Negara Properties (M) Bhd and Labuan Reinsurance (L) Ltd.

Appointed a Director of Maybank on January 11, 1995 and also serves as a Member of the Audit, Nomination, Credit Review and Maybank Group Employee Share Option Scheme Committees of the Board.

Current directorships in public companies include Mayban Discount Bhd, Maybank (PNG) Ltd, Mayban Finance Bhd, Maybank International (L) Ltd, Golden Hope Plantations Bhd, MIMOS Bhd and Malaysia Rating Corporation Bhd.

Attended 16 out of all 17 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank. No conflict of interest with Maybank.Has never been charged for any offence.

Dato'Mohd Hilmey bin Mohd Taib
(49 years of age - Malaysian)
MBA (UK),Member of MIA, Bachelor of Econs (Hons) Accounting, Diploma in Accounting

Non-Independent Non-Executive Director. He is currenty the Executive Chairman of HeiTech Padu Bhd.Prior to this he was the Group Chief Executive of Permodalan Nasional Bhd.

Appointed a Director of Maybank on March 27, 1995 and also serves as the Chairman of the Maybank Group Employee Share Option Scheme Committee and a Member of the Strategic Planning and Nomination Committees of the Board.

Current directorships in public companies include Maybank Philippines Incorporated, PhileoAllied Securities (Philippines) Incorporated and Pengurusan Kumipa Bhd.

Attended 15 out of the 17 Board Meetings held in the financial year. No family relationship with any Director and is a nominee of the major shareholder of Maybank.No conflict of interest with Maybank.Has never been charged for any offence.

Haji Mohd Hashir bin Haji Abdullah
(66 years of age - Malaysian)
ACA (Aust), ACIS (UK),Member of MICPA, FBIM (UK),FCIT (UK), AMP (Harvard)

Independent Non-Executive Director. He was the General Manager/Chief Executive Officer of Kelang Port Authority prior to his retirement in 1991.

Appointed a Director of Maybank on November 7, 1996.Serves as the Chairman of the Audit Committee and a

Member of the Nomination and Credit Review Committees of the Board.

Current directorships in public companies include Mayban Fortis Holdings Bhd, Mayban Life Assurance Bhd, Mayban General Assurance Bhd, Mayban Finance Bhd, Mayban Management Bhd, Mayban Discount Bhd, MFSL Ltd, Mayban Life International (Labuan) Ltd, Mayban Takaful Bhd and P.T.Bank Maybank Indocorp.

Attended 16 out of 17 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank.No conflict of interest with Maybank.Has never been charged for any offence.

Teh Soon Poh
(66 years of age - Malaysian)
Barrister at Law (Middle Temple)

Independent Non-Executive Director. He was the former General Manager of Credit Control Division of Maybank prior to his retirement in 1992.

Appointed as Director of Maybank on October 21, 1997 and also serves as a Member of the Audit, Risk Management, Credit Review and the Maybank Group Employee Share Option Scheme Committees of the Board.
Current directorships in public companies include Mayban Finance Bhd, Mayban Trustees Bhd, Mayban International Trust (Labuan) Bhd, Maybank International (L) Ltd, PhileoAllied Trustee Bhd and Aseambankers Malaysia Bhd.

Attended all the 17 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank.No conflict of interest with Maybank.Has never been charged for any offence.

Datuk Abdul Rahman bin Mohd Ramli
(63 years of age - Malaysian)
ACA (Aust), Member of MICPA, Member of MIA

Non-Executive Director. He was the Group Executive of Golden Hope Plantations Bhd prior to his retirement in 1999.

Appointed a Director of Maybank on November 17, 1999 and also serves as a Member of the Audit, Management Development and Compensation and Credit Review Committees of the Board.

Current directorships in public companies include Mayban Finance Bhd, Kuala Lumpur Kepong Bhd and Malaysia National Insurance Bhd.He is also the Chairman of the Johore Tenggara Oil Palm Bhd and Takaful Nasional Sdn Bhd.

Attended all the 17 Board Meetings held in the financial year. No family relationship with any Director and is a nominee of the major shareholder of Maybank.No conflict of interest with Maybank.Has never been charged for any offence.

Dato'Mohammed Hussein
(52 years of age - Malaysian)
Bachelor of Commerce (Accounting)

Non-Independent executive director. Deputy President of Maybank.He joined the Maybank Group in 1977 and has worked in various capacities within the Group.

Appointed as an executive director of Maybank on November 1, 2000 and also serves as a Member of the Strategic Planning Committee.

Current directorships in public companies include Aseambankers Malaysia Bhd, PT Bank Maybank Indocorp, Mayban Allied Bhd (formerly known as PhileoAllied Bank (Malaysia) Bhd) and PhileoAllied Securities (HongKong) Ltd.

Attended 16 out of the 17 Board Meetings held during the financial year. No family relationship with any Director and/or major shareholder of Maybank. No conflict of interest with Maybank. Has never been charged for any offence.

Hooi Lai Hoong
(53 years of age -Malaysian)
Bachelor of Science (Economics), London School of Economics, University of London, Fellow of the Institute of Chartered Accountants in England & Wales and Member of MIA

Non-Independent executive director. Deputy President of Maybank.She joined the Maybank Group in 1982. Appointed as an executive director of Maybank on September 4, 2002.Current directorships in public companies include Aseambankers Malaysia Berhad and Mayban Discount Berhad.

No family relationship with any Director or major shareholder of Maybank.No conflict of interest with Maybank.Has never been charged for any offence.

GROUP MANAGEMENT COMMITTEE

President and CEO
Datuk Amirsham A Aziz

CEO & Director
Mayban Finance Berhad and
Head, Auto Finance Group
Dato' Wan Ismail Abdul Rahman

Executive Vice President
Head, Enterprise Financial Services Group
Zulkiflee Abbas Abdul Hamid

Deputy President
Dato'Mohammed Hussein

Executive Vice President
Head, International Business Group and Country Head, Singapore
Spencer Lee Tien Chye

Executive Vice President
Chief Risk Officer
Choo Yee Kwan

Deputy President
Hooi Lai Hoong (Ms)

Executive Vice President
Head,Cards Business Group
Ashraf Ali Bin Abdul Kadir

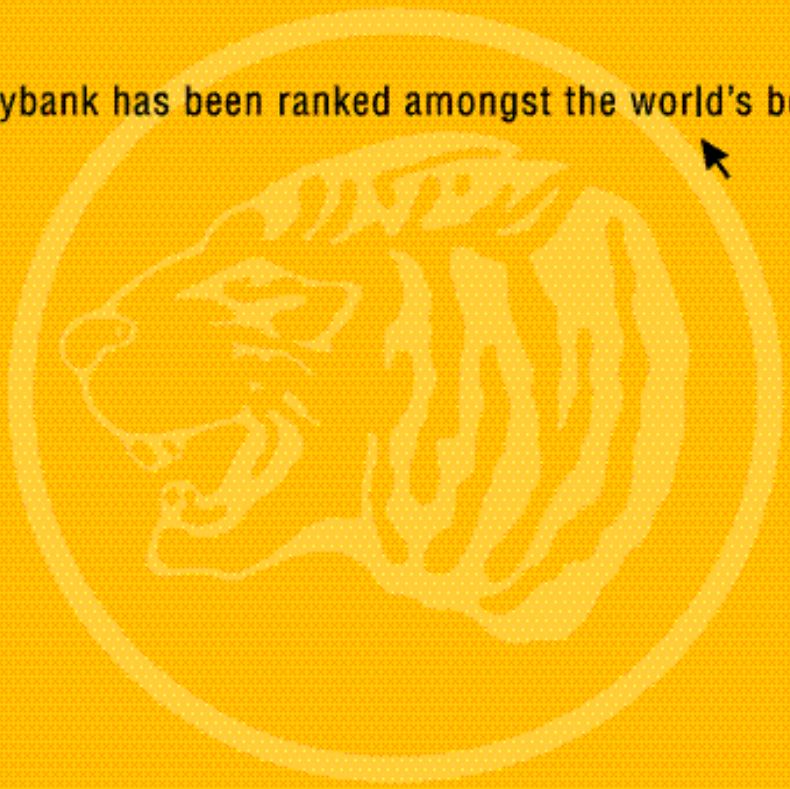
CEO & Director
Mayban Fortis Holdings Bhd
Kassim Zakaria

CEO & Director
Aseambankers Malaysia Berhad and
Head, Investment Banking Group
Agil Natt

Executive Vice President
Head, Retail Financial Services Group
Johar Che Mat

CEO & Director
Mayban Securities Sdn Bhd
Hamzah Mahmood

Maybank has been ranked amongst the world's best



WE ARE HONOURED (and not a little surprised) that Maybank was recently awarded Best Consumer Internet Bank in Malaysia and Best Consumer Online Securities Trading in Asia Pacific by Global Finance Magazine, a respected international business publication.

While we are proud of the recognition of our online offerings, we are not resting on our laurels. The two awards have spurred us to push the boundaries of our achievements and shape e-businesses locally as well as abroad.

They underscore our global vision, of which the first step was to place within the hands of Malaysians, relevant and effective products to help them bank locally as well as internationally.

Once again, this step demonstrated what we have known these last 40 years – we can count on you as much as you can on us. Thank you, Malaysians, your trust and support have taken us to where we are today.

For a closer look at our award-winning site, please visit www.maybank2u.com

Maybank

Malayan Banking Berhad (3813-K)

Source: Global Finance Magazine "World's Best Internet Banks 2002" Survey.

MAYBANK GROUP AWARDS

2002

Global Finance Award for Best Consumer Internet Bank in Malaysia

Global Finance Award for Best Consumer Online Securities Trading in Asia Pacific

Global Finance Award for Best Foreign Exchange Bank in Malaysia

Kuala Lumpur Stock Exchange (KLSE) Corporate Excellence Award

2001
Euromoney Award for Excellence - Best Bank in Malaysia

The Asset Asian Awards - Best Malaysian Bank

Investor Relations Magazine Asia 2001 Awards - Best Investor Relations By A Malaysian Company

"Risk Manager of the Year" from the Malaysian Association of Risk and Insurance Management for the Mayban Assurance Berhad - UMBC Insurans Integration Team

2000
Euromoney Awards for Excellence to Aseambankers Malaysia Berhad for the "Best Domestic Bond House in Malaysia" and "Best Domestic Equity House in Malaysia"

Crystal Award for Best Community Relations from the Institute of Public Relations Malaysia (IPRM) to Mayban Finance Berhad

Euromoney Award for Excellence - Best Domestic Bank in Malaysia

The Banker Award for "Bank of the Year"in Malaysia

1999
Global Finance Award for Best Domestic Bank in Malaysia

Asia Industry Award to Mayban Life Assurance - Life Insurance Company of the Year.

1998
Finance Asia Award for Best Domestic Commercial Bank

Asiamoney Award for being voted one of the Best Managed Companies in Malaysia

1997
Asian Banking Digest Award - Winner for outstanding progress in regional expansion

Asiamoney Award for the Best Managed Company in Malaysia

Asiamoney Award for the Best Bank in Currencies in Malaysia

Asiamoney Award for Malaysia's Commercial Bank of the Year

1996
Euromoney Award for Excellence - Best Domestic Bank in Malaysia for increasing profitability and a healthy return on equity

Asiamoney Award for being voted one of the Best Managed Companies in Malaysia

1995
Euromoney Award for Excellence - Best Domestic Bank in Malaysia for its impressive return on equity

Asian Institute of Management Award for "General Management"

1993
Euromoney Award for Excellence - Best Bank in Malaysia for its impressive profitability and innovation

1992
Asian Institute of Management Award for "Information Technology Management"

1991
"IT Organisation of the Year" from Association of the Computer Industry Malaysia (PIKOM)

STATEMENT OF CORPORATE GOVERNANCE

Maybank has consciously and consistently cultivated the highest levels of integrity in the interactions between management, the Board of Directors, shareholders, customers and other stakeholders. The core principles of this philosophy have been fairness, transparency, accountability and responsibility.

With an ever-changing business environment, Maybank holds the view that the strengthening of corporate governance is a continuous process. It has, in the last twelve months, reviewed the governance structure, system of internal control as well as the role and accountability of the principal officers. The review, while incorporating the principles of the Malaysian Code on Corporate Governance enhanced the supervisory role of the Board and its committees;provided an integrated framework of risk management across the Group with sufficient flexibility for business growth and a comprehensive internal control system.These elements are in place with the objectives of safeguarding the interests of all stakeholders and enhancing the shareholders' value of the Group.

The Board of Directors

The Board of Directors is at the apex of Maybank's governance structure. Its principal accountability is to ensure compliance with the tenets of corporate governance. Towards this end, the Board exercises independent oversight on the management and bears the overall accountability for the performance of the organisation and compliance with the principle of good governance. Specifically, the Board is responsible for reviewing and approving the longer-term strategic plans of the organisation as well as the business strategies of the various business lines. It also sets the acceptable risk tolerance levels and ensures the implementation of appropriate systems to manage these risks, including but not limited to, reviewing the adequacy and integrity of internal control systems.

While the board is responsible for creating the framework and policies within which the Group should be operating, the management is accountable for the execution of the enabling policies and attainment of the expressed Group's corporate objectives. This demarcation reinforces the supervisory role of the Board.

As the ultimate decision making body, the Board as part of its leadership role, co-ordinates the working of the seven Committees under its immediate jurisdiction, including acting as the final authority on the recommendations emanating from these Committees. The broad responsibilities of these Committees are highlighted in page 22.

The Board is structured in a manner that ensures the interest of all shareholders is represented fairly and objectively. The current stipulation is that at least one third of the Board's membership should comprise Independent Non-Executive Directors, and the number of Executive Directors must not exceed three or 40% of the total membership, whichever is lower, at any one time.

Appointments to the Board are based on the recommendations of the Nomination Committee, which employs a definitive selection criteria that include not only the minimum qualifications required by the regulatory authorities, but also takes into account the mix of expertise and experience. Accordingly, the Board members bring to the Group a diverse wealth of skills, knowledge and experience in law, banking, accounting, economics, information technology and general management.Members, with the exception of the Chief Executive Officer (CEO) are required to offer themselves for re-election every three years in accordance with the provisions of the Bank's Memorandum and Articles of Association.

Reflecting the foregoing, the Board presently comprises eight Non-Executive Directors, of whom five are Independent, and three are executive directors. Of the eleven, three are the nominees of the controlling shareholder.

In view of the rapid and evolving developments in the area of corporate governance, regular and relevant education programs are organised for the benefit of Board members in order to keep them updated.

Group Management Committee and Credit Committee

While the Board of Directors and Board Committees are responsible for the policy and strategic business direction, and are accountable for internal control, the Group Management Committee, headed by the Chief Executive Officer, is responsible for the implementation of the strategies and internal control as well as monitoring performance. The Group Management Committee is also a forum to deliberate issues pertaining to the Group business, strategic initiatives, risk management, manpower development, supporting technology platform and business processes. As required by Bank Negara Malaysia, an executive level credit committee for the Bank is established to approve credit facilities and write-offs within limits delegated by the Board.With the Board having the overall accountability on the financial health of the Bank, it retains the power to veto the decisions of the executive level credit committee. This is exercised should the Board consider that decisions of the executive committee will place the Bank in a vulnerable position.

Transparency of Meeting Procedures and Information Disclosure

Board meetings are scheduled every month to review the Group's operations and to approve the quarterly and annual financial statements. For the year under review, all Directors had complied with the minimum number of attendances for Board meetings as stipulated by Bank Negara Malaysia and the Kuala Lumpur Stock Exchange (KLSE).

Board meetings are structured with a pre-set agenda.Board papers providing updates on operational, financial and corporate developments are circulated prior to the meeting to give Directors time to deliberate on the issues at the meeting proper. Minutes of Board Committees as well as the Group Management Committee are also tabled at the Board for its information. The Chief Executive Officer leads the presentation of the papers.

Directors also have direct access to members of the senior management team and the services of the Company Secretary, to enable them to discharge their duties. In addition, the Directors are also empowered to seek external independent professional advice to assist them in making well-informed decisions.

Remuneration Policy and Procedures

The remuneration policy for the Group is deliberated at the Management Development and Compensation Committee before it is tabled at the Board of Directors meeting for decision. The Group offers a competitive remuneration package to its employees, taking into account the individual and corporate performance as well as market competitiveness. The strategy for executive pay, in general terms, is for the basic salaries to reflect a premium over the relevant market median, with total compensation to be at the upper quartile for outstanding performers.

The Group considers that it is important to link a significant proportion of the total executive remuneration package to individual and corporate performance. This is done with the objective of aligning executive performance and reward, with the interest of shareholders. The remuneration policy and packages

are monitored yearly to ensure that the Group can attract and retain executives of the necessary calibre in an increasingly competitive environment.

Remuneration of Directors

The Chairman is paid a monthly allowance while non-executive directors receive annual fees. The fees and allowances were last revised in 1994 and were approved by shareholders at the annual general meeting.In addition to this, Directors including the Chairman are paid a meeting allowance for each meeting they attend, which was last revised in 1999.A review of both fees and allowances has been carried out and is being submitted to the Annual General Meeting for approval.

The Management Development and Compensation Committee is responsible for reviewing and recommending the fees for Directors. In setting the level of remuneration for the CEO and Deputy Presidents, the Committee is guided by the need to 'attract and retain'and, at the same time, link the rewards to clearly articulated corporate and individual performance parameters. The fees payable to the Directors of the Bank are disclosed in the Financial Statement on page 118.

Dialogue with Shareholders and Investors

Maybank has always recognised the need to inform all shareholders of all major developments in the Group on a timely basis. Apart from the mandatory public announcements made through the Kuala Lumpur Stock Exchange for the Group's financial results and corporate developments, the Maybank Group has also set up an internet portal at www.maybank2u.com, for timely dissemination of business related information for the benefit of all shareholders and customers.

The principal forum for dialogue with shareholders remains the Annual General Meeting, during which shareholders are encouraged to raise questions and participate in discussions pertaining to the operations and financials of the Group. The clear procedures pertaining to the meeting are set out in the Maybank's Memorandum and Articles of Association, KLSE Listing Requirements and the Company's Act. These procedures ensure shareholders are provided with equal, sufficient and timely access to information.

An investor relations programme which establishes a direct channel of communication with shareholders and the investment community, both local and foreign, has been in existence for over a decade. The programme involves the participation of the CEO, Deputy Presidents and other members of the senior management team.Under this programme, the Group organises briefings for analysts and fund managers in conjunction with the release of its interim and final results. In addition, it participates in various investors' forums, both locally and abroad as well as organises other briefings and meetings with rating agencies, investors and fund managers to keep them abreast of the Group's developments.

Accountability and Financial Reporting

The Board takes responsibility for presenting a balanced and comprehensive assessment of the Group's operations and prospects each time it releases its quarterly and annual financial statements to shareholders.

The Board ensures financial reporting and disclosure is clearly articulated and completed to highest standards. The Audit Committee of the Board assists by scrutinising the information to be disclosed, to ensure accuracy, adequacy and completeness.

In this regard, all publicly disclosed information is promptly made available and freely accessible to the investing community and shareholders including through the Bank's web-site. A Statement of Directors'Responsibility for the Audited Accounts is published separately on page 65.

Internal Controls

The Board exercises overall responsibility for the Group's internal controls and its effectiveness. The Board recognises that risks cannot be eliminated completely;as such, the systems and processes put in place are aimed at minimising and managing them.The Board is of the view that the system of internal controls that has been instituted throughout the Group is sound and sufficient to safeguard shareholders' investment, customers'interests and the Group's assets. Notwithstanding this, on-going reviews are continuously carried out to ensure the effectiveness of the system.The key processes that the Directors have established in reviewing the adequacy and integrity of the system of internal control, are as follows:

• The Group's risk management principles, policies, procedures and practices are systematically documented and made available to all employees, setting out the Board's position on risks and the process in realising business objectives.

• The Board receives and reviews regular reports from the management on the key operating statistics, legal and

regulatory matters. The Board approves appropriate responses or amendments to the Group policies.

• The Group's annual business plan and budget are submitted to the Board for approval. In addition, variances between actual and targeted results are also presented on monthly basis. This allows for timely responses and corrective actions to be taken to mitigate risks.

• The Group's internal audit team, reporting to the Audit Committee of the Board, performs regular reviews of the business processes to assess the effectiveness of internal control and highlight significant risks impacting the Group. The Audit Committee of the Board conducts annual reviews on the adequacy of the internal audit department's scope of work and resources.

• The Audit Committee of the Board regularly reviews and holds discussions with management on the action taken on internal control issues identified in reports prepared by the Internal Audit Committee, the external auditors, regulatory authorities and the management.

• The Internal Audit Committee is empowered to follow up and monitor the status of actions on recommendations made by the internal and external auditors. In addition, it can direct investigations in respect of any specific instances or events, which are deemed to have violated internal policies pertaining to confidentiality or financial impropriety, which has material impact on the Group.

• There is a clearly defined framework and empowerment approved by the Board for acquisitions and disposals of fixed assets, awarding tenders, applications for capital expenditure, writing off operational and credit items, approving general expenses including donations as well as operational excesses.

• The professionalism and competence of the Group's human resources is maintained through a rigorous recruitment process, training and re-skilling programs and a performance appraisal system.

Relationship with Auditors

Through the Audit Committee of the Board, the Group has established a transparent and appropriate relationship with the Group's auditors, both internal and external. The external auditors are invited to attend meetings on special matters when necessary. In addition, the Committee also meets the external auditors without the presence of the management at least once a year.

Statement of Compliance with the Best Practices of the Code

The Maybank Group is committed to achieving high standards of corporate governance throughout the organisation and to the highest levels of integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set out in the Code.

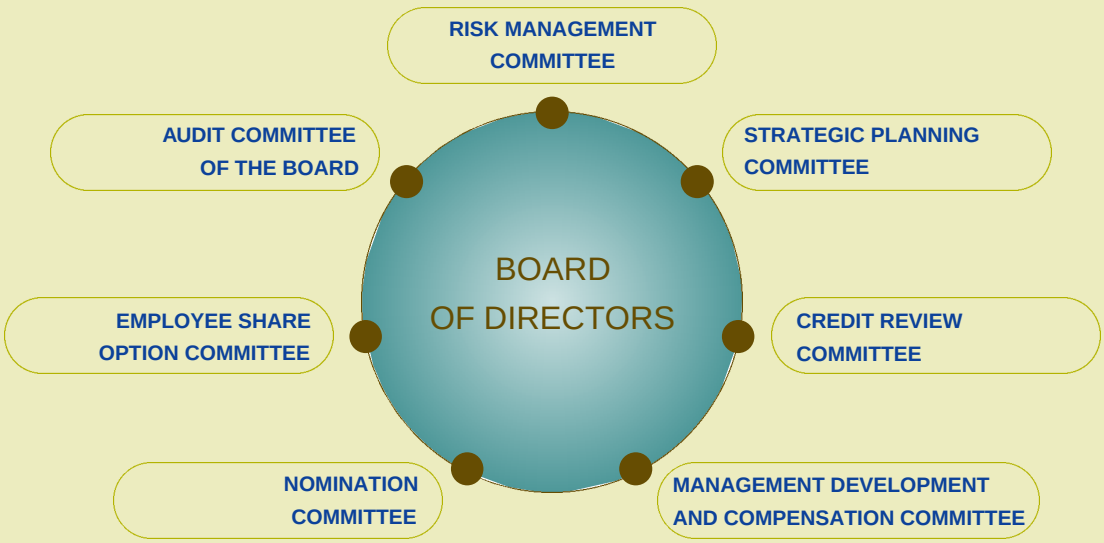
This statement is made in accordance with the resolution of the Board of Directors dated 29th August 2002.

Tan Sri Mohamed Basir bin Ahmad
Chairman of the Board

BOARD COMMITTEES

The Board of Directors is assisted by seven committees with specific terms of reference. This enables the committees to focus on areas or issues of critical importance to the operations of the Group. The membership of these Committees is also structured in a manner to allow the organisation to benefit from specialised expertise and skills of the individuals in the identified jurisdictions.

In compliance with the revised KLSE Listing Requirements, the Malaysian Code on Corporate Governance and Bank Negara Malaysia (BNM) guidelines, the structure and terms of reference of the committees were recently reviewed. Following this review, the number of committees was increased to seven. The responsibilities of these Committees are highlighted below.



Audit Committee of the Board

The Committee's principal responsibility is to ensure the maintenance of an efficient and effective system of internal controls to safeguard shareholders' investments. This includes reviewing financial statements to ensure compliance with statutory requirements and approved accounting standards as well as guidelines set by the Kuala Lumpur Stock Exchange (KLSE).The detailed terms of reference of the Committee are set out in page 25.

Risk Management Committee

This Committee was established in compliance with BNM's guidelines. The Committee is responsible for formulating policies on the management of credit, market, liquidity and operational risks. In this regard, it has to ensure the structures and procedures are in place and that they are reflective of the organisation's risk tolerance. In addition, the Committee is empowered to direct an independent assessment of the Bank's approval functions, ascertain the adequacy of capital levels under stress scenarios, review asset quality reports and advise on the risk portfolio composition of the Bank.Lastly, it is responsible for ensuring personnel involved in credit related duties are in possession of the required accreditation.

The Committee comprises three non-executive directors, one of whom is the Chairman; and two executive directors. It meets at least once a month.

Strategic Planning Committee

The principal duties of this committee include the evaluation of the Group's business direction as well as the allocation of capital by business segments. It is also responsible for policies relating to reputation risk, branding, and the corporate image of the Group.

In undertaking these responsibilities, the committee examines the annual Group budget and performance vis-a-vis agreed targets especially the progress and benefit realisation of the Group's key strategic initiatives. It also reviews the suitability of business models and technology platforms and proposals involving Mergers & Acquisitions, strategic alliances, capital raising and divestments.

Membership of the Committee is made up of the Chairman of the Board serving as the Chairman, two executive directors and three other directors. The Committee meets once every quarter.

Credit Review Committee

This new committee was established in compliance with BNM's guidelines on best practices in credit risk management.This committee operates mainly as a review authority with the power to veto decisions of the executive level credit committee, should it consider such decisions will place the Bank in a vulnerable position.

The Committee comprises the Chairman of the Board as the chairman and five other directors. It meets weekly.

Management Development and Compensation Committee

The scope of this Committee encompasses the formulation and recommendation of all policies pertaining to human resources. In this regard, it is entrusted with the task of defining the Group policies relating to recruitment, succession planning, remuneration and benefits. Apart from these, the Committee is also responsible for recommending changes to the fees and allowances for directors. Its developmental responsibility includes the identification of training programs for senior management.

The committee comprises the Chairman of the Board as the chairman, three non-executive directors and one executive director. The Committee meets once every quarter.

Nomination Committee

The Committee is entrusted with the specific task of identifying and making recommendations on the appointment of Directors to the Board of Maybank and its subsidiaries, after taking into account the required mix of expertise and experience. This function extends to the recommendations on the appointment of chief executive officers within the Group. It is also mandated to undertake reviews on the performance of Maybank's Board of Directors, its committees as well as board of directors of subsidiary companies. This Committee also continually seeks ways to upgrade the effectiveness of the Board of Directors of Maybank and the subsidiaries.

Six members of the Board serve on this Committee, of whom four are Independent Non-Executive Directors. The committee meets twice a year.

Employee Share Option Committee

The committee oversees the implementation of the Group Employee Share Option Scheme in accordance with the approved by-laws. The Committee informs the Board, from time to time, of the administration of the Scheme. All the four members of the Committee are non-executive directors with three of them being independent. The Committee meets at least twice a year and its tenure will end in June 2003 when the present employee share option scheme expires.

AUDIT COMMITTEE OF THE BOARD

The Board has appointed the Audit Committee to assist in discharging its duties of maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

Members

Chairman

Haji Mohd Hashir bin Haji Abdullah
(Independent Non-Executive Director)
ACA(Aust), ACIS (UK), Member of MICPA, FBIM (UK), FCIT(UK), AMP(Harvard)

Members

Mohammad bin Abdullah
(Independent Non-Executive Director)
Member of MICPA, Member of MIA

Teh Soon Poh
(Independent Non-Executive Director)
Barrister at Law, Middle Temple

Dato'Mohd Hilmey bin Mohd Taib
(resigned 28.6.2002)
(Non-Independent and Non-Executive Director)
MBA(UK), Member of MIA, Bachelor of Econs(Hons) Accounting, Diploma in Accounting

Datuk Abdul Rahman bin Mohd Ramli
(Non-Independent and Non-Executive Director)
ACA(Aust), Member of MICPA, Member of MIA

The tenure of the Committee members is three (3) years.

Size and Composition

For the financial year ended June 30, 2002, the Audit Committee comprised the following five non-executive directors, three of whom are independent directors.

Authority

The Board has empowered the Committee to undertake the following:

1. Investigate any activity or matter within its terms of reference.
2. Have the necessary resources which are required to perform its duties.
3. Have full and unrestricted access to any information and documents relevant to its activities.
4. Have direct communication channels with external auditors, person(s) carrying out the internal audit function or activity and to senior management of the Bank and its subsidiaries.
5. Promptly report to Kuala Lumpur Stock Exchange (KLSE) matters which have not been resolved satisfactorily thus resulting in a breach of the listing requirements.
6. Obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
7. Convene meetings with external auditors, without the attendance of the executives, whenever deemed necessary.

Duties and Responsibilities

The duties and responsibilities of the Committee are to review, appraise and report to the Board of Directors on the following:

1. With the external auditor, the scope of the audit and audit plans of both the internal and external auditors.
2. With the external auditor, the adequacy of the established policies, procedures and guidelines on internal control systems.
3. With the external auditor, the effectiveness of internal controls systems and the internal and / or external auditor's evaluation of these systems and in particular the external auditor's management letter and management's response.

4. With external auditor, his audit report.
5. The adequacy of the scope, functions, and resources of the internal audit functions and that it has the necessary authority to carry out its work.
6. The internal audit programme, processes, as well as summary of the findings from investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
7. The quarterly results and year-end financial statements focusing particularly on the changes in accounting policy, significant and unusual events as well as compliance with accounting standard and other legal requirements.
8. Any related party transaction and conflict of interest situation that may arise within the Bank or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
9. To recommend to the Board the nomination or re-appointment of the external auditor and its fee as well as matters pertaining to resignation or termination or change of the external auditor.
10. To evaluate and decide on the performance and remuneration package of the Head, Internal Audit and his staff.
11. To prepare an audit committee report at the end of each financial year and this report will be set out clearly in the Annual Report.
12. To receive and consider reports relating to the perpetration and prevention of fraud.

Attendance at Meetings

During the financial year ended June 30, 2002, the Audit Committee held a total of 21 meetings. The details of the attendance of the Committee members are as follows:

Name of Committee Member	No.Of Meetings attended
Haji Mohd Hashir Haji Abdullah	20/21
Mohammad bin Abdullah	21/21
Teh Soon Poh	21/21
Dato'Mohd Hilmey Mohd Taib	15/21
Datuk Abdul Rahman Mohd Ramli	19/21

The executive directors and the Head, Internal Audit attended the Committee meetings by invitation.The external auditors, Arthur Andersen & Co., attended meetings on special matters only when necessary. The Company Secretary, Puan Mahiram Husin, is the Secretary to the Audit Committee.

Activities

During the year in review, the following activities were undertaken:

1. Reviewed the Annual Audit Plan for the financial year 2001/02 to ensure adequate scope and coverage over the activities of the Group. This was reviewed together with the external auditors.

2. 364 internal audit reports on audit assignments were tabled and deliberated.The Audit Committee of the Board reviewed the Bank Negara Malaysia Examiners'reports and audit reports of other regulatory authorities.
3. Deliberated the minutes of the subsidiary companies' Audit Committee of the Board for an overview of their internal control systems.
4. Reviewed the staffing requirements of the Audit Division in relation to optimisation of staffing levels and up-skilling of technical competencies to effectively discharge its auditing functions on a Group basis.
5. Provided independent evaluation of the performance and approval of the remuneration, increment, promotion, bonus and appointments of audit staff in accordance with the requirements of Garis Panduan 1 of Bank Negara Malaysia.
6. Reviewed the risk based audit methodology and agreed to further refine it on a 3-year phased incremental approach in line with international best practices.
7. Evaluated the performance of external auditors and made recommendations to the Board on their appointment, scope of work and audit fees.
8. Reviewed the financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with.

Internal Audit Function

The Audit Committee of the Board is assisted by the Internal Audit Division in maintaining a sound system of internal controls. The internal auditing function is conducted on a Group basis to ensure consistency in control environment and the application of policies and procedures. The Internal Audit Division undertakes internal audit functions of the Group based on the audit plan that is reviewed and approved by the Audit Committee of the Board.

The internal audit reports are deliberated by the Audit Committee of the Board and recommendations are duly acted upon by the management.

In line with its role as business partner and performing the core assurance function, the Division has also provided consultative advice to the management prior to implementation of new business initiatives and procedures so as to ensure internal control, risk management and corporate governance process of the Group are observed.

TO OUR SHAREHOLDERS

"Viewed from the perspective of the intensified market competition, the Group had performed extremely well. The Group recorded a profit before tax of RM2.38 billion, or an increase of 57.9%."

Tan Sri Mohamed Basir bin Ahmad
Chairman

TO OUR SHAREHOLDERS

> With a strong foundation built upon customer-centricity, the Maybank Group is looking forward to improving its performance and shareholders' value.

Datuk Amirsham A Aziz
President and CEO

Overall Business Environment

The operating environment during the twelve-month period to June 2002 was very challenging for our Group. Just as we were ready to reap the benefits of the recent acquisitions, we had to deal with the fall-out of the September 11 event.

Overall economic growth, which was recovering well from the 1998 regional financial crisis, came to a halt during the first half of our financial year and only experienced a moderate upturn of 2.5% during the second half of the period. Capacity utilisation in key economic sectors was affected in tandem with reduced external demand thus delaying investment spending.During this period, domestic investment fell by 7.2% and the combined exports and imports declined by 8.3%.Growth in the gross domestic product (GDP) during this period was mainly attributable to fiscal stimulus and lower import leakage. Across the region, the environment was more challenging.In Singapore, the economy contracted by 2.5%.

The domestic economy was flush with liquidity and this can be attributed to the persistently large external trade surplus, amounting to RM50.6 billion, as well as capital inflows. As a result, interest rates remained soft with the average 3-month KLIBOR in June 2002 easing to 2.89% from 3.17% a year earlier. Given this situation, the base lending rates of commercial banks and finance companies were adjusted downward by 40 basis points in September 2001.

While a downward adjustment was also made to fixed deposit rates, the reduction was only by 25 basis points. For the banking industry in general, this led to narrower interest margins.

Although economic growth was constrained at a relatively low level, the moderate upturn in the second half of the period as well as the sentiment that this trend would be sustained provided a strong boost to the domestic equity market.The turnover for the Kuala Lumpur Stock Exchange (KLSE) improved from a monthly average of RM10.2 billion during July - December 2001 to RM14.3 billion in January - June 2002.With this development, fund raising through new equity issues recovered strongly. Between January to June 2002, RM5.4 billion was raised against RM2.1 billion in the preceding six-month period.

Business Growth

The unfavourable economic environment and increasing prominence of the capital market as an alternative source of financing had a dampening impact on the loan growth of the domestic banking system.Outstanding loans in the system registered a moderate growth of 4.3% for the twelve-month period to June 2002. For the Maybank Group, these developments coincided with the significant progress in corporate debt resolutions which, taken together had the effect of reducing the size of the loan book.During the period, the Group's domestic loan base shrunk by about 5.0% from RM92.7 billion to RM88.1 billion and for the Bank, by 5.2% from RM72.8 billion to RM69.1 billion.The decline was localised in the corporate segment of the market.Consumer financing, however, registered a respectable growth with the three core products - home mortgages, auto-finance and credit cards, rising by 12.5%, 13.7% and 20.2% respectively. Viewed from the perspective of the intensified market competition, the Group had performed extremely well. Our domestic market share for the financing of residential houses was 19.0% and the share for consumption credit was 13.9%. We are a major player in auto-finance with a market share in retail hire purchase for passenger cars at 14.3%.

The Group had done remarkably well in expanding its non-fund based income. Our branding, extensive delivery network, strong focus on client relationship and dynamic sales force provided us the competitive edge in transactional banking activities, sales of non-bank financial products which include insurance and unit trusts as well as share trading activities. Fee income, foreign exchange profit and net premium written, in total, rose by 15.2%.Within this group, income from brokerage doubled while foreign exchange profit increased by 28.7%.

Cost control remained a major focus of the Group. Apart from inculcating a strong discipline in controlling expenses, we had also addressed this issue through the streamlining of business processes, rationalisation of branch network as well as re-configuration of the delivery channels. In addition, out-sourcing of non-core functions and centralisation of support services continued to be pursued.All these initiatives helped to contain the increase in overhead expenses for the Group at 3.0% and as a result, the cost-to-income ratio improved from 37.7% in the previous financial year to 36.7%. For the Bank, overhead expenses rose by 6.0% with more than half of the increase coming from marketing, advertising and computerisation costs.

The success of the Corporate Debt Restructuring Committee (CDRC) in facilitating the resolution of corporate debt coupled with a moderate upturn in overall economic activities during the second half of our financial year contributed to an improvement in our asset quality. Hence, despite the significant reduction in the loan base, the ratio of net non-performing loans to total loans registered a decline. For the Bank, it fell from 7.0% to 6.9% and for the Group, from 7.7% to 7.2%.

Financial Performance

Our Group had gone through a challenging period.Apart from having to cope with the reduction in the loan base, margins on interest bearing assets narrowed by an average of 22 basis points. As a result, net interest income for the Group and the Bank fell by 1.4% and 0.3% respectively. For the Group, the decline was neutralised by the strong growth in non-interest income and income from Islamic Banking operations.

The former, which had a higher base due to the inclusion of non-recurring gains from the disposal of a 30% interest in the insurance business, rose by a hefty 22.2%.Hence, total income recorded a moderate growth of 5.7%.At the Bank level, non-interest income registered a decline of 10.0%, due largely to the diminution in value of its investment in one of the overseas subsidiary companies. Excluding this, non-interest income for the Bank would have increased by 2.7%. Taking into account the lower loan loss and provisions, the Group recorded a profit before tax of RM2.38 billion, or an increase of 57.9%. Profit before tax for the Bank remained almost unchanged at RM1.44 billion.

Among the subsidiaries, Mayban Finance made a significant contribution with a profit before tax of RM720.1 million or an increase of 42.8%.This was achieved following a significant improvement in loan recovery, strong growth in Islamic banking operations and management of overhead expenses. Aseambankers registered a turnaround from a loss of RM154.5 million to a profit before tax of RM69.7 million.This was largely attributed to lower loan loss and provisions. Supported by higher brokerage income, Mayban Securities reported a profit before tax of RM16.6 million against RM12.4 million in the previous financial year. Profit before tax for the combined insurance business was RM96.5 million against a loss of RM5.8 million while Mayban Discount chalked up a profit before tax of RM72.0 million against RM39.9 million a year earlier.

With the overseas'operating environment being more challenging than the home market, the Group registered losses of RM99.6 million from its Singapore operations, and a combined RM70.2 million from other locations. Despite this, we need to recognise that for many countries in the region, the impact of the contraction in global trade was more severe than what we experienced in this country. We acknowledge that the world economy will continue to be volatile but we remain confident of the medium term prospects of these countries and our Group will adjust its business strategies in these markets. We will leverage on our distribution network in most locations to provide the necessary platform for us to be more aggressive in the consumer financing and transactional business while for the rest of the locations, we will focus on our trade finance network. We

are also positioning ourselves in the international Islamic financial market with the recent opening of an office in Bahrain.

After accounting for an effective tax charge of 29.3%, net profit for the Group was RM1.65 billion or an increase of 96.2%.This represents a net return on average shareholders'funds of 15.2% compared with 8.2% in the previous year, and a return on asset of 1.11% against 0.61% previously. Earnings per share doubled from 23.8 sen to 46.5 sen.

Capital

With the strong improvement in profitability, the core capital ratio of the Group and the Bank improved to 10.35% and 10.87% respectively from 9.17% and 10.03% a year ago. The risk weighted capital ratio improved from 13.05% to 15.62% for the Group and from 11.61% to 14.51% for the Bank. This improvement takes into account the proceeds from our recent USD380 million Subordinated Notes.

Dividends

The Board of Directors is pleased to recommend a final dividend of 7%, less 28% income tax.This brings the total gross dividend for the year to 12% less 28% income tax.

Ratings and Recognition

The financial strength of our Group is well recognised and our performance in the last one year has re-affirmed this. During the year, Standard and Poor's upgraded its long-term counterparty rating of Maybank from BBB- to BBB and Fitch, in August 2002, upgraded its long-term foreign currency rating of Maybank from BBB to BBB+.In addition, Rating Agency of Malaysia (RAM) had re-instated its `AAA' rating on Maybank. Perhaps the most significant recognition of Maybank's financial strength was reflected in the overwhelming response to our recent Eurobond issue, where there was an over-subscription of 3.26 times.

Apart from these, Maybank was also recognised in other areas. The Kuala Lumpur Stock Exchange (KLSE), endorsed Maybank as the Best Bank in Malaysia for Corporate Governance; while Global Finance magazine voted us as the Best Consumer Internet Bank in Malaysia and Best Consumer Online Securities Trading in Asia Pacific for 2002.

In Singapore, we have been granted the Qualifying Full Bank (QFB) status. With this, we can relocate our branches, offer debit cards and EFTPOS services, set up five off-site ATMs and have a shared ATM Network with other QFBs. In March 2002, we rolled out the QFB Shared ATM Network together with two other QFBs.

Strategic Initiatives

Maybank is a clear leader in the domestic financial industry. This is built upon a dominant franchise in commercial banking and the financial transaction business, a sizeable market share of financing and deposits, a strong brand, breadth in product and service offerings and most important, the quality of its manpower. Indeed, we are committed to our vision of wanting to retain our leadership position in Malaysia and to be among the top in the region.This is the most important driving force as we strive to expand the horizon of our business as well as seek innovative and improved ways of serving our customers.

Guided by this vision, we are strengthening our foothold in the market through a five-pronged strategy, i.e. excellent customer service, effective sales and marketing, innovative products and services, high level of operational efficiency, and prudent risk management policy and practices. Among the initiatives already in place is the transformation of our branches into effective sales and service centres, where not only the physical layout has undergone changes, but more importantly the skill set as well as an expanded product range is available at these centres. We have also enhanced our market penetration by having specialised outlets for business and retail customers, optimising the effectiveness of our electronic channels as well as establishing smart

partnerships with major retail business organisations, resulting in our self-service terminals being a common feature at our partners'outlets.

While we have been successful in maintaining our leadership position in the industry, we are nevertheless mindful of the challenges brought about by the changing industry environment.It is always clear to us that these challenges call for a more intensive focus on customer relationships. For this reason, we have implemented various initiatives in the past where the emphasis is to move from being product-centric to life-cycle customer-centricity. Continuing from this, we have recently embarked upon an organisational transformation.What evolved from this initiative is an organisational structure which not only defines clearly the distinct role of manufacturers, distributors and internal service providers within the Group but also enhances the dependency between them for a common objective of providing excellent customer service and ensuring profitability. The focus of this move is to emplace an efficient and integrated governance structure for the Group;infrastructure that help to refine further the performance-oriented organisational culture;and corporate values with a strong sense of customer ownership. Indeed, this transformation is most timely given the prospect of further structural de-regulation as envisaged in the Financial Sector and the Capital Market Master Plans.

Technology has always been one of the key enablers to the Group's business strategy. Among the technology initiatives undertaken were the enhancement of the Group data warehouse which serves as a foundation for Customer Relationship Management (CRM) activities; establishment of a Group Call Centre system using computer telephony integration technology; as well as capacity upgrading of the IT infrastructure.

Prospects

With a strong foundation built upon customer-centricity, the Maybank Group is looking forward to improving its performance and shareholders' value. With encouraging signs of improving domestic economic activities, we are confident that the volume of our financing activities will increase, thus reversing the contraction seen in the last one year. We will be riding on the prospects of an expansion in industrial production capacity, growth in external trade and sustained consumer confidence. Growth of our non-fund based activities will also gain momentum from increased transactional activities, demand for insurance, wealth management and investment products as well as services related to trade. With the continuing focus on operational efficiency and risk management, the Group is confident of registering further improvement on these fronts and these should further enhance our standing in the industry.

Acknowledgement

We would like to place on record our sincere appreciation to our shareholders, customers, management and staff as well as our fellow board members. All of you have contributed in more than one way in building up this institution to what it is today. Our special thanks are extended to Dato'Ismail Shahudin, who had recently retired, for his contribution both at the board as well as at the management level.

Tan Sri Mohamed Basir bin Ahmad
Chairman of the Board

Amirsham A Aziz
President and CEO

CONSUMER FINANCIAL SERVICES

Maybank is the leader in the domestic consumer financial market. With a comprehensive range of products and services, extensive multiple-access channels, strong branding and a dedicated sales force, the Group was able to command a substantial domestic market share for consumer business. In the twelve-month period to 30 June, 2002, the Bank's overall domestic consumer loans grew by 9.7% accounting for 31% of the outstanding loans. For the finance company subsidiary, a moderate increase of 4.0% was reported for the period.

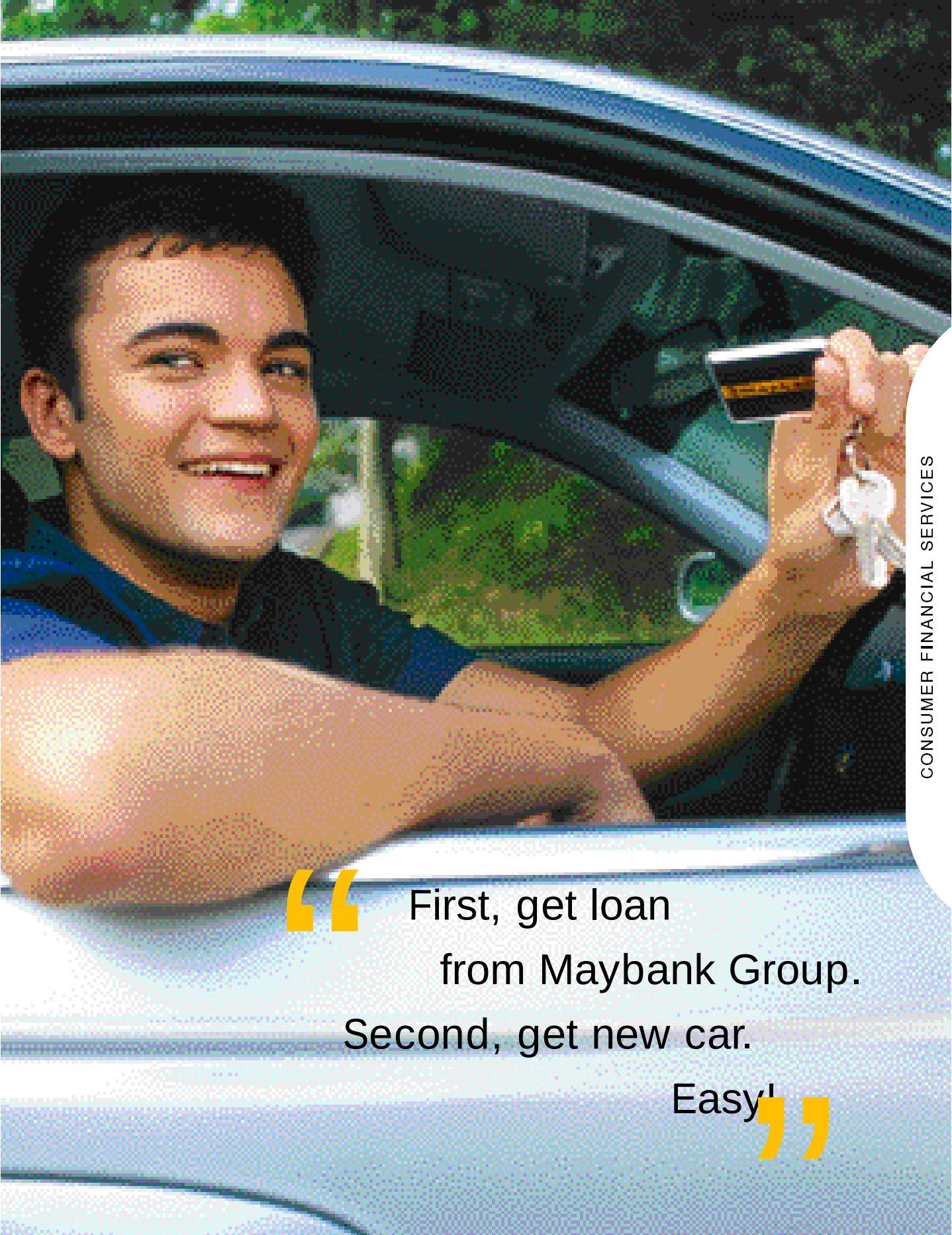
The Group is a major player in home mortgages with a market share of 19%. Its portfolio of housing loans, which accounted for 47% of total consumer loans, increased by 12.5%.Individual auto finance, which accounted for 22.4% of total consumer loans, rose by 13.7%. Another core component of consumer finance is the credit card business in which total receivables increased by 20.2%.Maybank is the leader in the merchant acquiring business with a market share of 20%.

The Group also maintained its dominant position in the mobilisation of consumer deposits. At the Bank level, it accounted for more than one-third of the industry's individual savings deposits, 20.4% of current account deposits and 17.8% of fixed deposits. With this strategic positioning, the Group was able to keep its funding cost at a relatively low level and ensure a stable funding source.

With regard to non-interest income, fees and commissions from credit cards, remittances, shares and unit trust transactions as well as other transactional charges rose quite significantly. For remittances, the increase was around 38% while fees and commissions from credit cards rose by about 14%.

The improved performances can be attributed to our strategy, which among others, focussed on the following key areas:

i) **Customer Service**
All major initiatives undertaken during the period continued to reinforce the customer experience and to deepen relationships with our targeted customer segments. In line with this, Private Banking services, for the upper-end customer segment was further enhanced with the appointment of Relationship Bankers at our Private Banking Centres. To date, we have established 23 dedicated centres for this customer


CONSUMER FINANCIAL SERVICES
“First, get loan
from Maybank Group.
Second, get new car.
Easy!”

group to conduct their financial transactions. Plans are under way to further enhance and reposition our Private Banking service by providing specialised products and services.

Another area of customer service improvement was on turnaround time for loan approvals and counter services. With regard to the former, the automation of loan processing has been expanded throughout the country. As for the sale of Bankassurans products, a Point-of-Sale (POS) system was put in place. This system reduces turnaround time in the issuance of insurance policies / certificates. The waiting time for counter services was significantly reduced through changes in work-flow and operational procedures.

In enhancing the effectiveness of our sales efforts, a dedicated sales force has been created. For loan products, sales are driven through Consumer Sales Officers (CSO) while Financial Executives focus on insurance and

The year also saw the rollout of our newly reconfigured 'customer-centric branch model'. The new branch layout comprises four key elements; i.e. ample self-service terminals, including internet banking terminals; a customer care zone where our staff handle enquiries and guide customers to the appropriate counters for non-automated transactions; an advisory zone where our trained sales staff recommend products and services that meet customers' needs, as well as a transaction zone where customers can conduct their transactional activities.

wealth management products. In addition to these, the Group has two other dedicated sales groups, i.e. the Investment Sales Executive for Share Trading and Relationship Bankers for Private Banking Centres. Altogether, the dedicated sales force for the Group totalled over 1,000.

ii) Efficient Delivery Channels

In maintaining our image as a customer friendly organisation and recognising the needs of customers, we continue to improve the efficiency and attraction of our delivery channels. The conversion of branches from the current transaction-driven layout to sales and service centres with dedicated sales staff and financial planners proceeded further and was expanded to include Mayban Finance branches.

With a sizeable distribution network of 431, the Group's attention was directed towards enhancing operational efficiency, productivity and service quality at branches. These initiatives include rationalising selected full service branches into service centres, focusing on selling as well as building a stronger sales culture and redesigning the branch of the future. Efficiency and productivity were enhanced by upgrading our information technology systems through further investments and by merging the operations of branches located in the same area to reap economies of scale.

Our e-Kawanku channels continued to receive good response from the public. Transactions at e-Kawanku centres which comprise cash dispensers, cash deposit machines, passbook update machines and cheque deposit machines saw a significant increase averaging 50% over the previous year indicating the success of migrating mass market customers. For the period under review, the number of ATMs both at on-bank and off-bank sites totalled nearly 1,500.

Maybank2u.com, the first internet banking service in the country, continued to register impressive growth both in terms of subscriber base, transactions and payee corporations. Based on this achievement, Global Finance Magazine recognised Maybank as Best Consumer Internet Bank in Malaysia and Best Consumer Online Securities Trading in Asia Pacific. In March 2002, Maybank2u.com marked another milestone by forming a strategic alliance with Microsoft in Malaysia and Singapore. With this exclusive mutual partnership, Maybank2u.com has direct access to over 1.1 million Internet customers of Microsoft.

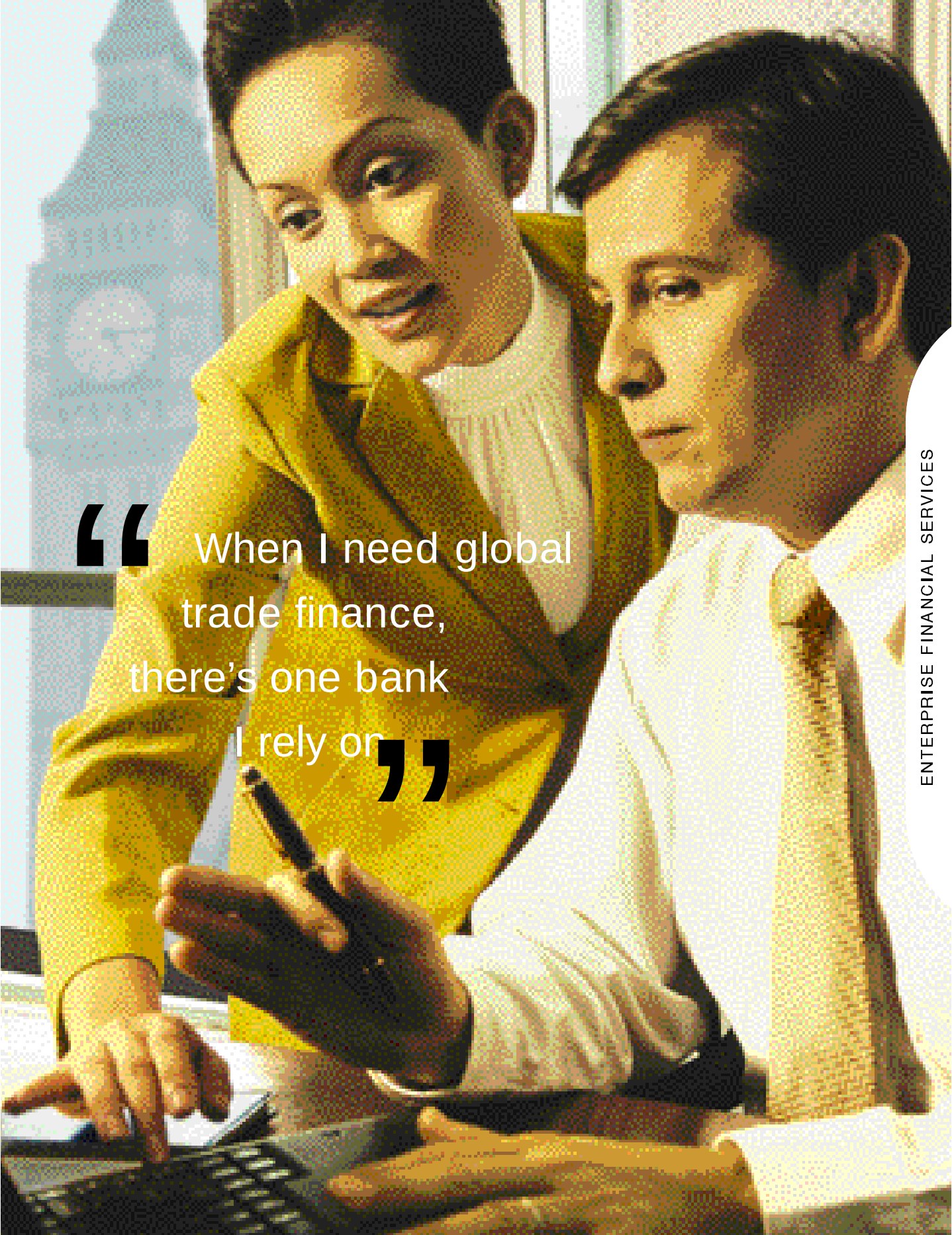
ENTERPRISE FINANCIAL SERVICES

Enterprise Financial Services (EFS) is the nucleus of Maybank Group with principal responsibility for the management of global relationships for all enterprises, from small and medium scale enterprises (SME) to large corporates. While the management of corporate relationships is segmentised by customer profiles, i.e. Malaysian, Multinational and Institutional, the SMEs are managed through 27 Business Centres which are strategically located throughout the country for greater customer focus.

The Group is planning to roll out another five centres this year to meet the market dynamics of the competitive environment.Other business drivers supporting the relationship management are Trade Finance, Bumiputra Development, Regional Business and Cash Management.

The new Trade Finance operating model implemented nationwide in September 2001 had re-engineered the Bank's trade finance business and contributed towards a further rise in revenues from trade financing activities. It was largely driven by the improved efficiency and productivity as well as the growth in new customers tapped from our enlarged customer base. The 15 TFCs strategically located nationwide with their dedicated sales executives serve as service centres catering to the needs of customers. The trade finance business within EFS continued to perform well despite the lower value of external trade and moderate level of domestic economic activities. The aggregate market share for this segment was maintained at around 24%, with that of some product lines reaching as high as 34%.

Maybank played a significant role in the financing of Bumiputra SME businesses and has been actively participating in all the Government Aided Loan Schemes since their inception.As at June 2002, the Bank is ranked first in all three major schemes, i.e New Principal Guarantee Scheme (26 participating Financial Institutions), Flexi Guarantee Scheme (14 participating Financial Institutions) and Small Enterpreneur Guarantee Scheme (20 participating Financial Institutions).In the financial year, about RM400 million had been approved under the Fund for Small & Medium Enterprise (SMEs) and the New Enterpreneur Fund (NEF) while more than RM200 million was accepted under the Direct Access Guarantee Scheme (DAGS).



ENTERPRISE FINANCIAL SERVICES

Lending activities were affected by the slower pace of economic activity in the review period as well as the substantial reduction in new Foreign Direct Investments (FDIs).The other factor which affected loan growth was the notable shift from conventional financing to capital market financing by large corporates seeking to tap on the improved equity market conditions as well as the lower funding costs. However, the overall impact of this re-financing was minimal as a number of these exercises were also undertaken by the investment banking arm of Maybank Group. With the challenging business environment, outstanding loans of the business groups registered a decline.

However, with the economy recovering towards the second half of the financial year, the domestic operations of EFS registered positive results with average monthly loan approvals increasing by 53.2% and 43.3% for the large corporates and SMEs respectively.

Moving forward, the Maybank Group will continue to provide a comprehensive package of services to its customers as well as initiate new platforms to achieve our vision of being a customer-centric organisation to ensure a successful transition from a transaction-driven to a service-driven entity.

Recognising Malaysia is a major trading nation and as more Malaysians are investing overseas, a Regional Business Desk was set up within EFS. This Desk serves as the first contact point for companies, via the provision of financial and advisory services, and also offers liaison support to potential investors in understanding the requirements for doing business in, and making their initial foray into investee countries. The objective is to broaden the regional business base and awareness of our strong regional network.

In keeping abreast with new technologies and the evolution of information technology, Maybank has also entered into the e-commerce platform through the provision of cash management services to EFS customers. The new and enhanced Desktop Banking for corporates and businesses will be further improved to be internet-enabled by the end of the year.

Further leveraging on IT, an electronic loan processing system has also been developed to improve efficiency, especially in terms of minimising turnaround time to serve the customer better.

Given the developments within the economy and the financial industry in particular, EFS is faced with the challenges of preserving asset quality, increasing revenue and improving cost efficency whilst adhering to the guidelines of Bank Negara Malaysia on loan growth and lending activities.

EFS will continue to tap on the opportunities afforded by its large customer-base by providing comprehensive financial packages and enhancing product development.With the projected full year GDP forecast of 3.9% and manufacturing sector growth of 6.0%, EFS will continue to contribute towards improving the Group's performance to ensure Maybank retains its premier position as the leading financial group in Malaysia.

INVESTMENT BANKING

Maybank Group's investment banking business comprises merchant banking, stockbroking, discount house operations, fund and asset management, venture capital and futures broking. Through the Investment Banking Division, Maybank offers a variety of advisory services and structured financial solutions customised to meet the discerning demands of our sophisticated clients.

We had a very successful year as the Group developed a niche in the debt capital market with a sizeable 20% market share in the arrangement and issuance of corporate bonds and private debt securities (PDS) in calendar year 2001.The total value of PDS raised by the Group during the financial year was RM5.0 billion. Among the more notable bond issuance undertaken during the year include the RM2 billion 20-year Al-Bai' Bithaman Ajil (BBA) Bonds due 2021 for Tenaga Nasional Berhad and the RM500 million Islamic CP/MTN for Petronas Assets Sdn.Bhd.

In the area of Corporate Finance and Advisory, the Group won the mandate for a number of high profile assignments including the Voluntary General Offer by United Engineers (Malaysia) Berhad and the US$150 million nominal value 5-year Guaranteed Convertible Bonds by YTL Power International Sdn.Bhd.

The Group's stockbroking arm benefited from the improved turnover on the KLSE. As the average monthly trading volumes during the financial year was more than double compared to the previous year, Mayban Securities saw its turnover increase in excess of 80% from the previous corresponding period.The institutional sector accounted for 53% of the total turnover. However given the objective of maintaining a balanced client base and with the full-year benefit of the expanded reach, retail turnover recorded a significant seven-fold increase.

Our discount house operations continued to be favourable, with active trading in the debt capital market.This together with lower funding costs, resulted in an improved financial performance.

The management of unit trusts performed reasonably well with the net asset value of the funds increasing by about 40% to RM1.2 billion reflecting, in part, the improved conditions on the equity market. Total purchases of the five funds under management amounted to 511 million units and this is attributed mainly to the adoption of the innovative *flexi*Plan which afforded customers the added flexibility of seamlessly shifting their fixed deposits into unit trusts. In fact, Mayban Management - the subsidiary undertaking this function - was rated among the top five companies in the industry which comprised 37 players, based on the funds under its management, which totalled more than RM1 billion.During the year, the fifth unit trust fund, Mayban Index-Linked Trust Fund was launched as part of the efforts to further expand the product range. The response to this product has been extremely encouraging as more than half of the fund size was taken up within the first 21 days of the launch.

In the area of fund management, the total NAV of funds under management rose from RM1,591.2 million in June 2001 to RM2,074.2 million as at end June 2002.Much of the growth came from the infusion of the in-house unit trust funds as the Group sought to capitalise on synergistic capabilities through the centralisation of the fund management function.

Given the increasing competitive pressures in the market place, the Investment Banking Division is dedicated to attracting the best talents and investing in technology to support the corporate objectives of strengthening innovation, proactively nurturing client relationships and managing risks.

“ Maybank did a great job planning our retirement, didn’t they? ”
Maybank

ISLAMIC BANKING

The Group's Islamic Banking business expanded strongly, enabling Maybank to become a leading player in the industry. As at June 2002, the Maybank Group's domestic market share for financing was 26.2% and that of deposits was 23.4%. This was achieved on the back of a 29.6% and 37.9% growth in total financing and deposits respectively.

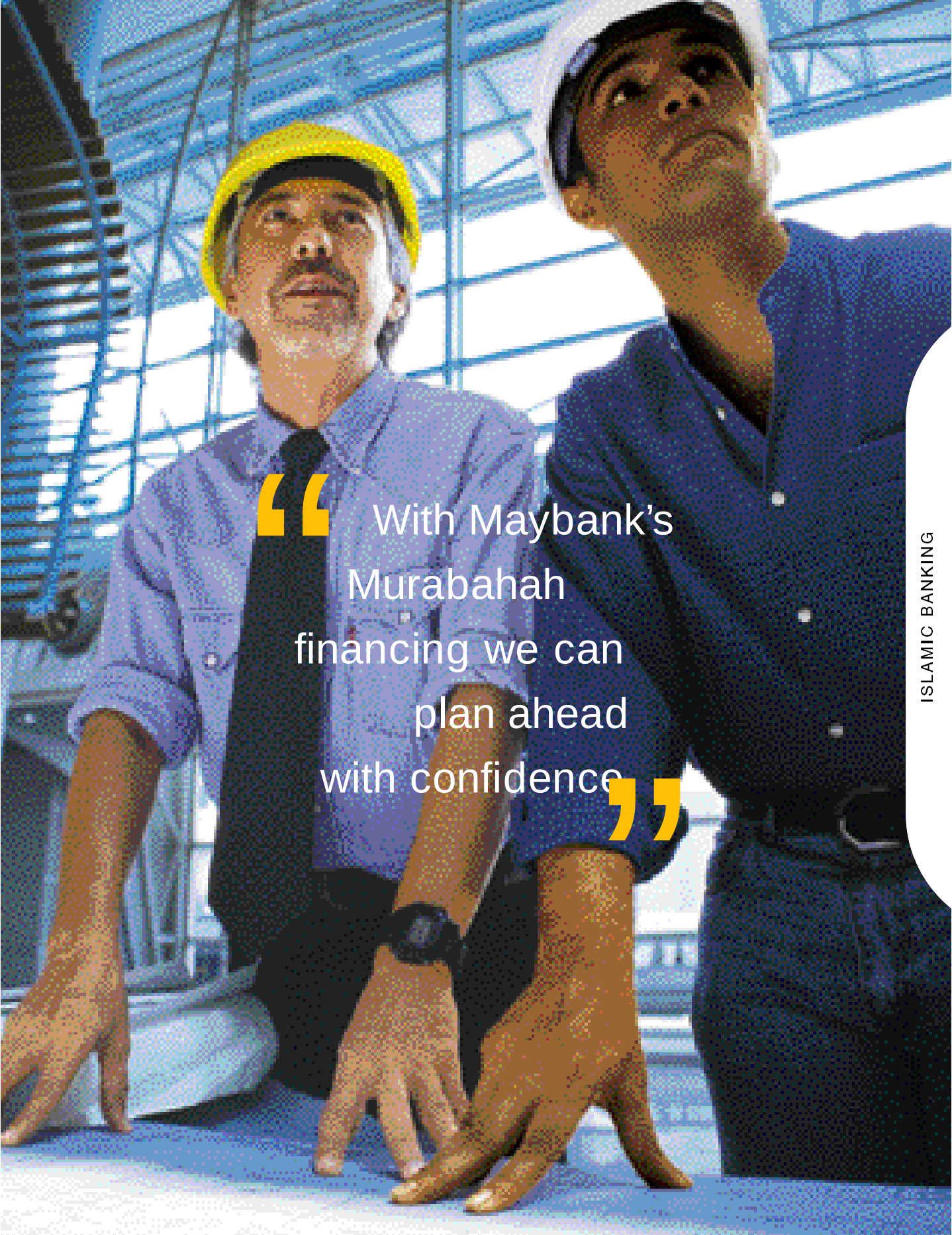
The financing portfolio was characterised by a very diversified mix of exposures which permitted both the building of long term relationships as well as allowed the Group to take advantage of growth opportunities in niche markets. Accordingly about 50% of the portfolio was devoted to residential property financing, 11.0% for manufacturing activities and 9.6% for the purchase of transport vehicles. In the case of the former, the Group had a market share of 49.2% while in the case of trade finance, it was over 50%.The Group, through its investment banking unit, also actively tapped its comparatively large corporate client base with regard to arranging and underwriting Islamic private debt securities. In this regard, the Group's merchant banking arm secured a 30% share of the total Islamic PDS issued in the market and a 26% share in terms of the number of deals.

Given these robust growth rates, Islamic banking services has become a significant segment of the Bank's operations in terms of total financing, deposits and total assets. The Bank exceeded the stipulated end-2001 target of having a minimum of 8% of its total financing and deposits from Islamic banking, well ahead of schedule.

Having successfully built up a resilient funding base, the Islamic financial services of the Group continued with its emphasis on the productive deployment of the funds through the selective expansion of its financing product range. Towards this end, the Bank introduced the Murabahah Overdraft during the review period.In addition, enhancement of the features of the BBA financing facility to accommodate a multiple instalment scheme based on tiered rates and graduated repayments were also finalised.

During the course of the year, efforts were also made to further expand the Islamic banking franchise through the establishment of full-fledged Islamic banking branches. To date, three such branches have been set up and the network is poised for further expansion with additional conventional branches in appropriately sited locations, being targeted for conversion.

Recognising the Group's leadership position in this market, Maybank was appointed as the financier for the PROSPER program (Projek Usahawan Bumiputra dalam Bidang Peruncitan). PROSPER is a government scheme aimed at developing entrepreneurial skills among Bumiputras in the retail business. It is sponsored by Permodalan Usahawan Nasional Berhad (PUNB) and Credit Guarantee Corporation (CGC) and funded under the New Entrepreneur Fund 2.


“With Maybank’s Murabahah financing we can plan ahead with confidence”

INSURANCE BUSINESS

The insurance business of the Group turned around in the financial year under review with a combined pre-tax profit of RM96.5 million compared to the loss of RM5.8 million in FY 2001. This was the result of a higher retention ratio and lower claims in general insurance, as well as the write back of provisions for diminution in value in the life insurance unit arising from the improved equity market conditions that also afforded a higher actuarial surplus.

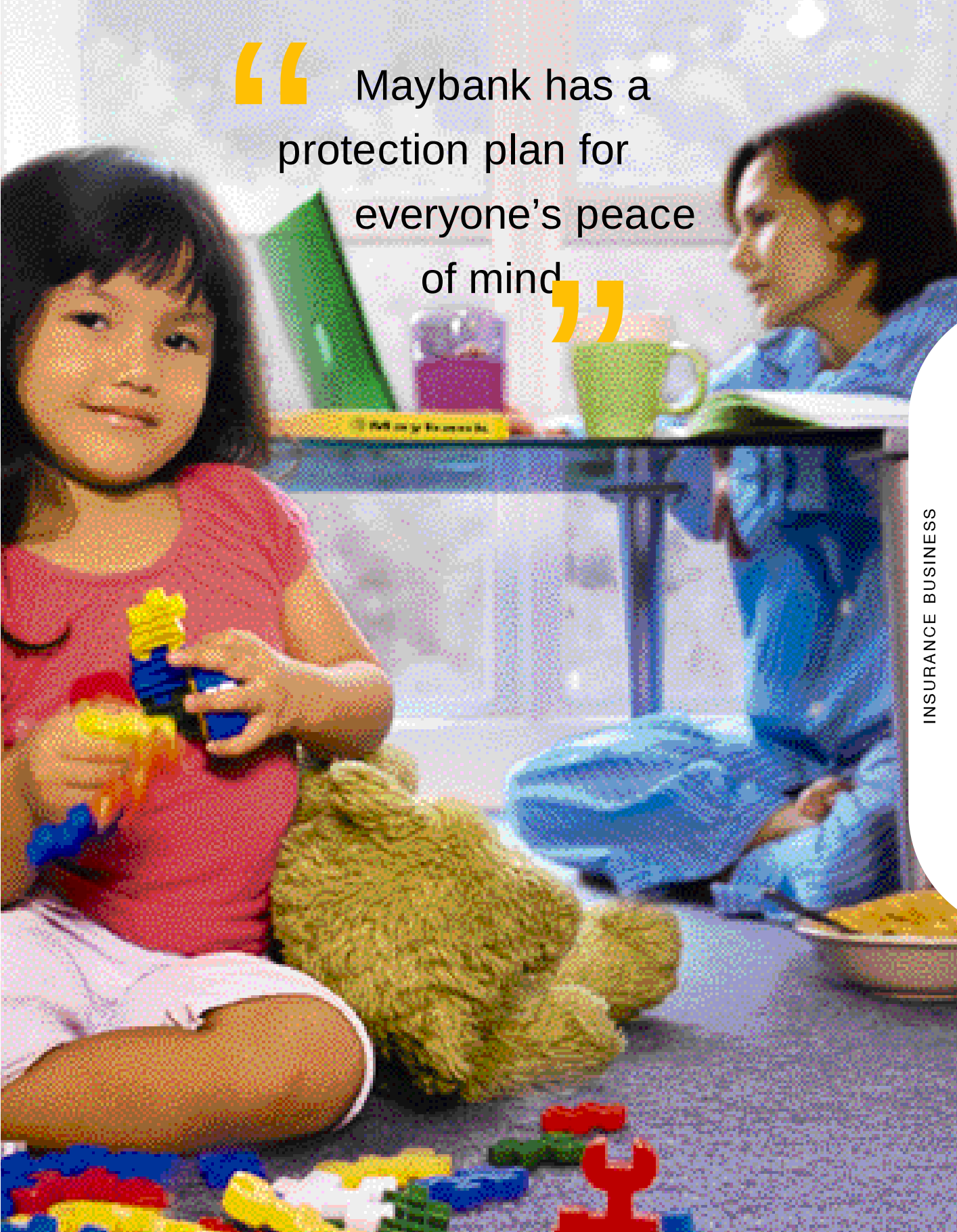
During the year under review, the general insurance business undertook an exercise to improve the quality of its customer portfolio by weeding out structurally loss-making accounts and tightening underwriting standards in specific markets having a high claims experience. Concomitant with this, an agency rationalisation exercise was also undertaken with a view to withdrawing the representation rights of unprofitable agents.

The general insurance business placed greater emphasis on the commercial sector in order to improve the retention ratio. As part of the strategy, commercial account managers were placed on the premises of selected Business Centres of the Bank, both to expand the reach as well as to capitalise on the growing commercial customer base of the Bank.

In view of the relative unattractiveness of ordinary life policies arising from the industry-wide re-pricing exercise, Mayban Life shifted its focus during the year to investment-linked products. This change of strategy appears to have paid off as new business premiums from investment-linked products grew by more than 10.5 times to reach RM63.0 million from RM5.8 million in the previous year.

In the period under review, the company further strengthened the framework of the manufacturer-distributor model of the bancassurance scheme under which it operates. With the objective of becoming an efficient, low cost manufacturer, an organisational review was undertaken in order to minimize the degree of divergence with the new customer-centric operating model of the Group.

In the later half of the financial year, the insurance group also secured the operating license necessary for entry into the Takaful business. Mayban Takaful Bhd began operations in July 2002 and its establishment provides an opportunity to the Group to widen its product range as well as cater to the needs of a new market through the provision of an alternative product regime. In the initial year, Mayban Takaful is targeted to focus on the building and mortgage Takaful business lines.


“Maybank has a protection plan for everyone’s peace of mind”
INSURANCE BUSINESS

RISK MANAGEMENT

Risk management is a critical pillar of the Maybank Group's operating model, complementing the other two pillars, which comprises the customer sector and the support and services sector. As part of the Group's strategy to integrate the management and control of risks across the various risk segments, a dedicated Board committee known as the Risk Management Committee was established. The Committee is responsible for formulating policies and the oversight of credit, market, liquidity and operational risks.

Maybank Group's Broad Principles for the Management of Risks

The following represent the seven broad principles that underpins the risk management process at the Maybank Group:

1. The risk management approach is premised on three lines of defence - Risk Taking Units, Risk Control Units which are under Group Risk Management, and Internal Audit.

2. Risk Taking Units are responsible for the day-to-day management of risks inherent in their business activities while Risk Control Units are responsible for setting the risk management framework and developing tools and methodologies for the identification, measurement, monitoring, control and pricing of risks. Complementing this is Internal Audit, which provides independent assurance of the effectiveness of the risk management approach.

3. Group Risk Management provides risk oversight for the major risk categories including credit risk, market risk, liquidity risk, operational risk and other industry-specific risks.

4. Group Risk Management ensures that core policies of the Group are consistent, sets the risk tolerence level and facilitates the implementation of an integrated risk-adjusted measurement framework.

5. Group Risk Management is functionally and organisationally independent of customer sectors and other risk takers in the Group.

6. The Maybank Board through the Risk Management Committee maintains overall responsibility for risk oversight within the Maybank Group.

7. Group Risk Management is responsible for the execution of various risk policies and related decisions of the Board.

“Our proactive approach to managing risk is the best form of control.”

Credit Risk Management

In discharging this responsibility, Group Credit Risk is primarily involved in managing and enhancing asset quality, formulating and reviewing credit policies as well as documentation/compilation of credit policies and procedures for adherence. Group Credit Risk also sets and reviews concentration limits according to various categories such as single customer groups, economic segments, product types, banks and countries, and oversees credit portfolio risk.

To enhance the credit risk management framework, the Group has developed a credit risk rating system to objectively and consistently measure the risk of default by enterprise borrowers across the Group. The rating system enhances portfolio management capabilities and sets the foundation for the development of a risk-based pricing and risk-adjusted return on capital (RAROC) framework.

Market Risk Management

Group Market Risk continually evaluates risks and monitors compliance to approved policies and risk limits. Market risk profiles are regularly reported to the various levels of management, as well as the Risk Management Committee and the Board.

Market risk controls adopted include the "Value-at-Risk" ("VaR") measurement, independent mark-to-market valuations, on-line tracking of various risk limits for trading positions, stress testing of portfolios, back testing of risk models, and new product introduction guidelines.

Interest rate risk exposure is identified, measured, monitored and controlled through limits and procedures set by the Asset and Liability Management Committee ("ALCO") to protect total net interest income from changes in market interest rates. Portfolio risk exposure is managed using approved risk management methodologies.

Liquidity Risk Management

The primary mechanism and tool for monitoring liquidity is the cash flow behaviour of the Bank. This framework ascertains liquidity based on the contractual and behavioural cashflow of assets, liabilities and off balance sheet commitments, taking into consideration the realisable cash value of eligible liquefiable assets.

The Group maintains a minimum level of liquid assets although there is no such regulatory requirement.These assets are maintained in the form of cash and marketable debt securities that are issued by both sovereigns and triple-A rated private entities.

Operational Risk Management
The Risk Taking Units (including the support units) are the primary parties responsible for the management of day-to-day operational risk inherent in their respective business and functional areas. While Group Operational Risk is responsible for the second line of defence, Group Audit acts as the third line of defence by overseeing compliance in respect of day-to-day management of operational risks at the Risk Taking Units and providing independent assessments regarding the overall effectiveness of the operational risk management framework.

Preparations for Compliance With New Basel Capital Accord
In line with the continuing work on the new capital adequacy framework ("Basel 2") being undertaken by the Bank for International Settlements, the Maybank Group has initiated the formation of Basel 2 Working Groups within the organisation. The Working Groups will follow closely the development of the Basel 2 framework, study the implications of the Basel 2 requirements, and make recommendations on the various options for measuring different risk types for the purposes of capital adequacy after taking into account the capital implications and costs involved.

HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

During the course of the financial year, a new Human Resource (HR) strategy was formulated, which inter-alia, takes cognizance of, and seeks to address the longer term challenges facing the organisation. Accordingly, the core elements of the new strategy orientation encompass:

- The definition and development of new leadership qualities which are aligned with current and future competitive requirements.
- Speedy acquisition of new skills to augment the new required capabilities, e.g.Customer Relationship Management, risk management, etc.
- Mindset change to be more competitive and customer-focused.
- The attraction, retention and development of top talents.
- Development of a new performance management system with clearer line-of-sight between business strategy and individual goals, and sustaining high performance by linking recognition/ reward to individual performance.

The overall thrust of the new HR strategy is to strengthen organisational capabilities to sustain the customer-centric business focus. Towards this end, the review period witnessed the launch of a number of key HR initiatives.

Leadership Development: The objective is to define the required leadership qualities and to consequently utilise the identified criterion as the basis to select and nurture high potential, future leaders of the Maybank Group.

Performance Management: The goal under this initiative is to develop a performance management system which emphasises both Results (i.e. the 'What'component) and Leadership Competencies (i.e. the 'How'component). It uses the Balanced Scorecard approach to link corporate goals to the individual and to provide an objective assessment of individual performance.

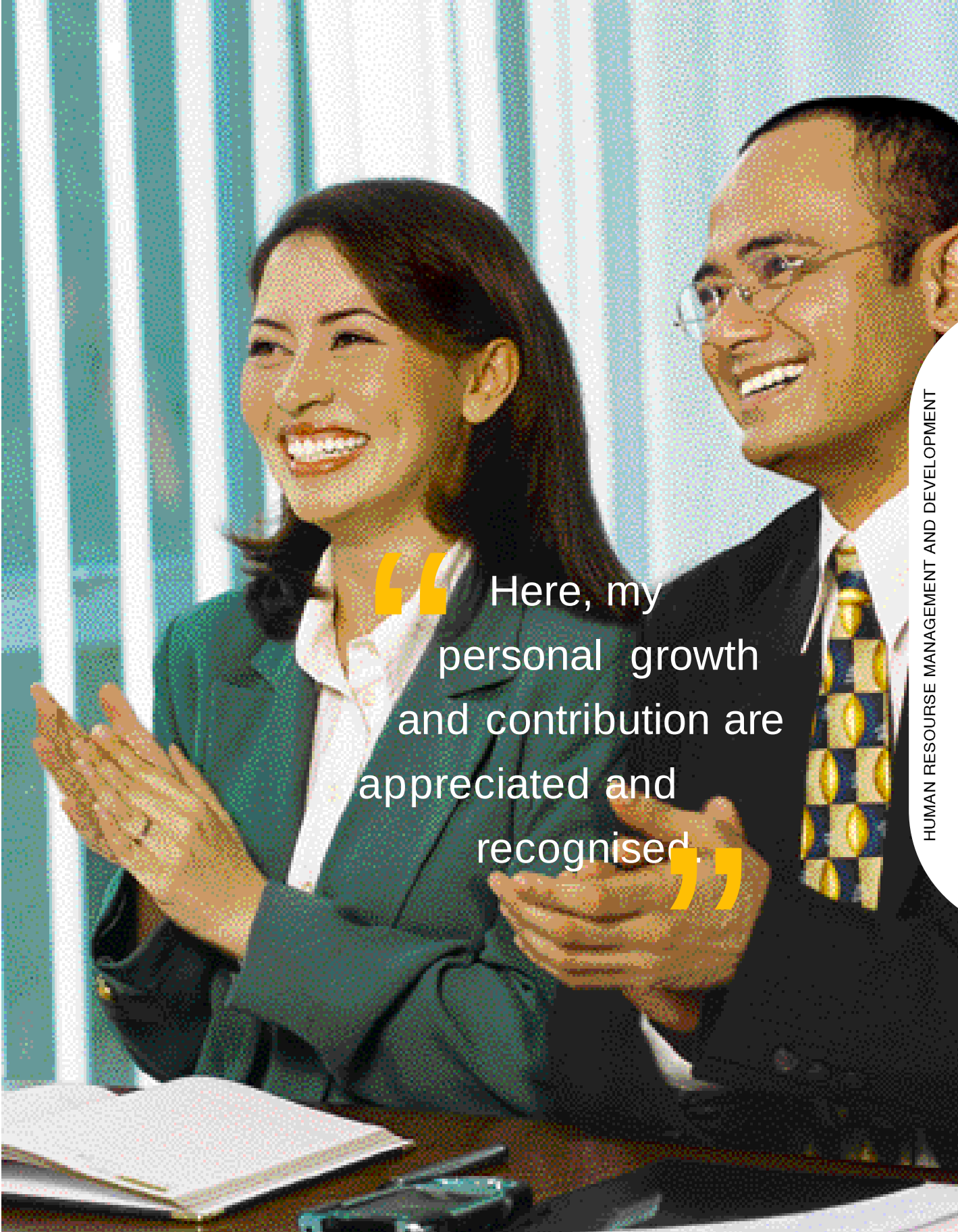
Remuneration: The strategy under this policy seeks to align pay with performance so as to attract and retain top talents. Accordingly, a Total Remuneration Strategy that addresses both internal concerns as well as the need for the remuneration package to be market competitive, is in the developmental stage.

Learning Organisation: The objective is to continuously upgrade skill sets and competencies as well as to create a culture of learning and sharing of valued knowledge. Through the Bank's Retail Development Plan which looks at transforming the way Maybank does its banking business, a review of the functional and technical competencies of each customer-facing position to support this transformation has been initiated. A web-based enterprise portal has also been launched to facilitate knowledge empowerment among the employees.

Ever mindful of the impact which employee capabilities have on realising business strategies and goals, the Maybank Group utilised about RM25 million on human capital development during the financial year. About 10,000 employees attended close to 500 courses at the Staff Training Centre and more than 1,000 external courses. Additionally, the Certified Credit Professional (CCP) sponsorship scheme was also launched to enable credit staff to acquire the appropriate accreditations. This was in addition to the Certificate in Internal Auditing for Financial Institutions (CIAFIN), Chartered Financial Analyst (CFA) and other ongoing sponsorship schemes for those seeking a Certificate or Diploma in the relevant areas of financial studies. The other major area of investment included training stints at well-established overseas management schools.

An inaugural staff recognition academic award was also launched to recognise and motivate staff who continued with their pursuit of personal / academic development, either through the Group's sponsorship or at their own expense. This was in addition to the disbursement of scholarships and study awards to deserving staff. Being conscious of its social responsibilities, the Maybank Group allocated a sum of RM900,000 in scholarships for tertiary education during the review period.

As a caring corporate organisation, the Maybank Group Staff Welfare Fund (MGSWF) rendered financial assistance totaling around RM228,000 to Group personnel who were affected by unfortunate circumstances and events.


“Here, my personal growth and contribution are appreciated and recognised.”

COMMUNITY RELATIONS

The Maybank Group continues to be proactive in its community relations programmes and responds to the needs of various communities and organisations. The Group disbursed over RM8 million in its community relations programmes related to medical causes, educational sponsorships, sports as well as welfare and charities.

During the year, the Group made significant contributions to health and medical related programmes. In June 2002, the Group officially handed over RM5 million to the Ministry of Health Malaysia, which paved the way for the establishment of the first public Liver Transplant Centre in Malaysia located at Selayang Hospital, Kuala Lumpur. The contribution will enable the Centre to provide affordable liver transplants, especially to the less fortunate.

The Kumpulan Maybank Bone Marrow Transplant Centre at Hospital Universiti Kebangsaan Malaysia also received another boost of RM144,320 from Maybank Group. This proceeds was from the NST Million Ringgit Charity Duck Race 2001 in which Maybank was a main sponsor.

Contributions were also made by the Group to the less fortunate from the various communities during the traditional Hari Raya, Chinese New Year and Deepavali celebrations.

During the year, the insurance business unit, Mayban Life Assurance Berhad and Mayban General Assurance Berhad launched a “Live Life”Charity Campaign that raised funds for the Shelter Home for Children and Women’s Aid Organisation.

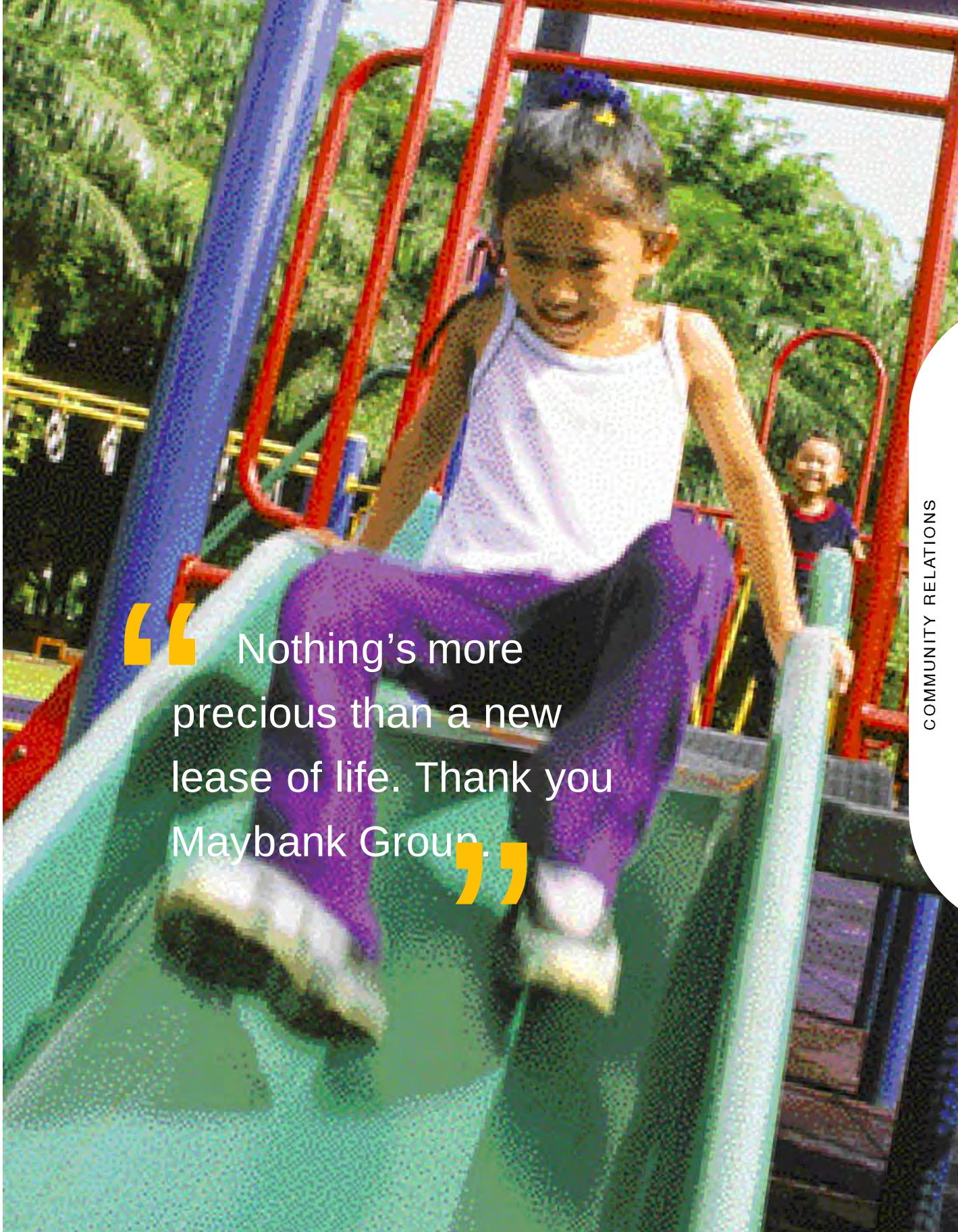
In the support towards the development of sports, the Group contributed to various sports events including the IX Malaysia Games (SUKMA) in Sabah.

In conjunction with the month-long Merdeka celebration and to support the Government’s effort to instil further the patriotic spirit among Malaysians, Maybank sponsored the production of over 100,000 “Jalur Gemilang”national flags, which were distributed to our customers, staff and the general public throughout Malaysia.

In the area of wildlife preservation, Zoo Negara and the Melaka Zoo continue to receive sponsorships for the upkeep of endangered species such as the Sumatran tigers and fish owls.

Maybank also remained committed to support the Government’s efforts to upgrade the academic and technical skills of Malaysians at all levels of education as well as to meet the aspirations of the k-economy agenda of the nation.The Maybank Group committed over RM1.2 million during the year to provide assistance in the form of scholarships and awards to those who excel in their studies. The recipients include staff, children of staff, Yippie Club Savings account holders as well as deserving candidates pursuing degree courses in local universities.

The Maybank Group will remain committed as a responsible corporate citizen towards the community where it operates through its various community relations projects.


“ Nothing’s more precious than a new lease of life. Thank you Maybank Group. ”

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL PERFORMANCE

(The explanations on the significant changes to the Balance Sheet and Profit & Loss Statement should be read together with the audited accounts and accompanying Notes)

Introduction

As the largest financial group in Malaysia, the performance of Maybank is influenced by, and reflective of, the state of the domestic economy. In the twelve months to June 2002, Malaysia and other export-dependent economies in the region went through a challenging period.The Gross Domestic Product (GDP) of Malaysia and Singapore contracted by 0.7% and 6.0% respectively during the first half of the period and only recovered moderately with a growth of 2.5% and 1.2% respectively during the second half.

The economic upturn in the second half of the review period helped to boost sentiments in the equity market. This development, together with corporate debt resolution and increased utilisation of the private debt market for fund raising, continued to dampen loans growth in the banking system.

Analysis of Significant Balance Sheet Developments

Assets:
In view of the foregoing, outstanding assets of the Group as at end June 2002 which totalled RM149,663.9 million was only 2.3% higher than the RM146,336.1 million registered at end June 2001. At the Bank level, total assets rose by 2.6% over the same period to RM116,823.2 million.In both cases, the growth rates were lower than that registered in the previous financial year of 10.9% and 15.2% respectively, as it then incorporated the assets of the newly acquired PhileoAllied Bank, the Pacific Bank and PhileoAllied Securities. Another contributory factor was the reduction in net loans, the largest asset component. Notwithstanding the reduction, interest-bearing assets as a proportion of total assets remained relatively unchanged from June 2001 at 94.4 % for both the Group and Bank.

Cash and Short Term Funds:
Cash holdings and short term funds expanded by 24.8% to RM15,788.1 million at the Group and by 15.6% at the Bank to RM12,083.1 million.

Deposits and Placements with Financial Institutions:
Total deposits and placements of the Group with financial institutions declined by 22.9% to RM4,191.3 million.Similarly at the Bank, there was a reduction, though by the smaller quantum of 6.8% to RM5,563.8 million.

The shifts in both asset classes resulted from the strategies adopted for asset and liability management.The Group, however, remained a net lender in the inter-bank market.

Loans and Advances:
Outstanding gross loans of the Group declined by 3.5% from a year ago to RM105,145.2 million.In the case of the Bank, the reduction was 3.4% to RM82,292.8 million.

The overall decline in the loan base is attributed to the settlement and conversion of existing corporate facilities

to capital market instruments under debt re-structuring schemes, re-financing through the capital market and the write-off of bad debts totaling RM2,768.3 million compared to RM506.9 million in FY 2001. Another factor was the general capacity overhang in the corporate sector amidst the sluggish economic conditions, which resulted in lower loan demand.In aggregate, the write-off, repayments and debt-to-equity conversions totalled in excess of RM7.0 billion and had a particularly dampening impact on Enterprise Banking. Reflecting the above factors, exposure to the domestic corporate-based manufacturing as well as the finance, insurance and business services sectors declined by RM1,469.9 million and RM611 million respectively.

The increased emphasis on the retail franchise continued to pay dividends. At the Group level, mortgage financing rose by 12.5% or RM1,972.9 million and vehicle financing by 9.5% or RM735.3 million.These increases served to offset some of the declines suffered by Enterprise Banking.

Notwithstanding the overall reduction in the loan base, the Bank maintained its strong presence in its more strategic domestic business franchises. This was evident in the market share of 21.0% in the manufacturing sector, 21.9% for construction, 17.4% for residential property, 18.3% for general commerce and 24.7 % in the trade finance segment.

At the Bank level, the Singapore operations registered a loans growth of 12.2% or RM1,187.7 million while at the Group, outstanding loans at Mayban Finance declined by 1.5% or RM281.7 million.The decline came about due to large redemptions of unit trust loans and write-offs. In the case of Aseambankers, its loan base saw a decline of 51.2% or RM577.9 million as the increased focus on fee income generating activities coupled with the write-offs resulted in the expected downsizing of its loan portfolio.

In terms of sectoral exposure, a trend similar to that at the Bank prevailed with declines being registered by almost all major sectors. An exception was the RM735.3 million increase in hire purchase financing as Mayban Finance took advantage of robust car sales. This allowed Mayban Finance to maintain its market share of this segment at 14.3%.

Coupled with its equally aggressive activities in the residential financing and consumption credit markets, the finance company was able to further strengthen its share of the mortgage and credit card markets to 31.8% and 21.3% respectively from 30.4% and 18.6% a year ago.

Reflecting the growing popularity of Islamic financing in Malaysia, outstanding Islamic financing facilities rose by 48.7% to RM7,090.2 million at the Bank level to account for 8.6% of its gross loan portfolio. At the Group level, it increased by 29.6% to RM8,599.8 million.In both cases the growth emanated mainly from mortgage financing as the fixed interest feature amidst the prevailing low interest regime proved to be an attractive proposition.As a result of this growth, the Bank's market share of the domestic Islamic financing market improved to 31.3% from 27% a year ago.

Dealing Securities:
Holdings of dealing securities at the Group level increased by 24.7% to RM1,623.2 million.The growth came from increased holdings of Bankers'Acceptances and Islamic accepted bills - mainly at the Discount house subsidiary - which rose by RM891.5 million. In the case of the Bank, the portfolio declined to RM38.4 million and this is attributed to trading strategies.

Investment Securities:
The investment portfolio of the Group rose by 12.8% to RM23,654.6 million and by 26.6% to RM17,051 million at the Bank level.This was largely due to the increase in holdings of Malaysian Government Securities and Bonds as well as Cagamas Bonds. Apart from this, there was also a significant increase in the holdings of private debt securities arising from the active bond market.

Liabilities:
The outstanding liabilities of the Group rose by 1.2% to RM137,640 million and for the Bank, by 1.9% to RM107,237.1 million.In both cases, the increase was largely the result of the growth in customer deposits and subordinated obligations offset in part by the reduction in inter-bank borrowings.

Deposits from Customers:
Customer deposits at Group level rose by 5.7% to RM102,572.4 million while at the Bank, it increased by 5.2% to RM81,997.7 million. At the Bank, the asset liability strategy objective of attracting low-cost deposits was very successful with the increase in savings and demand deposits during the period amounting to RM2,220.2 million and RM1,521.4 million respectively against fixed deposits growth of RM373.4 million.This strengthened the Bank's share of the domestic savings and demand deposits market to 32.3% and 23.1% respectively from 31.8% and 23% a year earlier. Composition wise, fixed deposits accounted for 54.2% (57.8% a year ago) of the Bank's domestic traditional deposit base compared to 65% in the case of the industry. This funding structure enabled the Bank to have a competitive funding edge over its competitors.

Deposits and Placements Of Financial Institutions:
Deposit placements by financial institutions with the Group declined by 24.2% to RM14,074.7 million.At the Bank, the reduction was more moderate at 7.6% to RM10,845.9 million. This can be attributed to asset-liability management strategies.

Subordinated Obligations:
Outstanding subordinated obligations rose by RM1,444.0 million at both the Group and Bank levels due to the issuance of the US$380 million 10-year Subordinated Notes due in 2012.The funds were raised with a view to replacing the earlier Yankee Bond which is into the second year of amortisiation as well as to provide general funding for the Bank's non-Ringgit operations and to improve the US dollar component of the Group's capital funds.

Shareholders'Funds:
Total shareholders'funds of the Group rose by 16.2% to RM11,667.3 million. This is attributed principally to the retained profit from the current year's operations as well as shares issued under the ESOS.

Profit And Loss Statement

Net Interest Income:
Both the Bank and Group experienced a reduction in net interest income. It declined by 0.3% at the Bank to RM2,773.1 million and by 1.4% to RM3,952.1 million at the Group. This is largely attributed to the combination of the reduction in the loan base, higher net interest suspension and lower margins especially in respect of treasury operations on account of the relatively flat yield curves.

Margins came under sustained pressure in domestic operations following the reduction in the Base Lending Rate and higher interest suspension in the aftermath of the September 11 incident. On the average, net interest margin declined by 20 basis points to 2.76% from 2.96%. Competitive market conditions in key growth segments, particularly mortgages, also reduced the scope for manoeuvrability.

At the Group level, margins recorded a similar reduction of 22bp to 3.10%. In this regard, the success of Mayban Finance in maintaining its margin of 4.7% and further expansion of its fixed rate hire purchase portfolio prevented a more pronounced decline.

Net interest suspended rose by 18.6% at the Group to RM795.4 million and by 43.8% to RM606.7 million at the Bank despite lower classifications. This is attributed principally to the cumulative effect of the NPL carry over. However, net interest suspension at the Bank has been on a downtrend totalling RM132.0 million in the June quarter compared to RM136.6 million in the preceding March quarter.

Islamic Banking:
Income contribution from Islamic Banking services saw a significant growth of 35.3% to RM230.7 million at the Bank.At the Group level, it rose by 27.7% to RM391.1 million.In both cases, the increase was the result of the expansion in financing. Total financing facilities at the Bank rose by 48.7% to RM7,090.2 million and at the Group by 29.7% to RM8,599.8 million. The robust growth rates largely emanated from the active promotion of mortgage financing to lock in long-term relationships in view of the prevailing low financing rates.

Non-Interest Income:
Fee income of the Group rose by 22.2% to RM1,597.6 million while at the Bank, it registered a reduction of 10% to RM1,119.3 million There were exceptional items in both FY 2002 and FY 2001 at the Bank level.In FY 2002 there was a provision for a permanent diminution in value of the investment in PT Bank Maybank Indocorp of RM158.1 million. This had no impact on the Group accounts as the losses had already been recognised on consolidation in the previous years. In FY 2001, there was an exceptional gain of RM257.4 million at the Bank level and RM232.5 million at the Group level arising from the partial divestment of the insurance business. Adjusting for the above exceptional items, fee income rose by 48.6% at the Group level and by 29.5% at the Bank level.

The major contributors were forex trading (+RM42.1 million), service charges (+RM42.8 million) and commission (+RM25.1 million).These increases are mainly attributable to the concerted efforts to expand the retail remittance franchise as well as the strengthening of payment service capabilities.

At the Group level, brokerage income doubled to RM46.7 million as the uptrend in the equity market improved the turnover of Mayban Securities. The contribution of Bancassurance also witnessed further growth as net premiums written rose by RM6.6 million in FY 2002 to RM220.4 million.

Total fee income was also boosted by the write-back of provisions for diminution in value totalling RM77.3 million at the Group and RM47.5 million at the Bank compared to the previous financial year where there were hefty provisions of RM278.5 million and RM150.6 million respectively. This can be attributed to the much improved capital market conditions.

The fee income ratio stood at 26.9% for the Group and 27.1% at the Bank. A year ago, it was 24.4% and 25.4% respectively after excluding the gain from the partial divestment.

Overhead Expenses:
Total overheads of the Group rose by 3% to RM2,180.8 million.At the Bank, it increased by 6% to RM1,536.4 million. The slower growth at Group level was the result of the decline in claims incurred and provisions for doubtful debts totalling RM50.3 million for the insurance operations.

At the Bank, personnel costs experienced a reduction.However this was offset by higher establishment expenses (+RM18 million), administration costs (+RM45.1 million) as well as a near doubling of marketing expenditure to RM66.3 million.The full year costs associated with the management of the expanded branch network arising from the mergers contributed mainly to these increases. At the Group level, the growth was due to the increase in marketing costs of RM25.3 million and administration expenses of RM21.8 million.

The cost-to-income ratio of the Bank stood at 37.3% in FY 2002 compared to 34.5% in FY 2001.At the Group level it was 36.7% compared to 37.7% a year ago. After adjusting for the exceptional items of the divestment in the insurance business in FY 2001 and the provision made in respect of our Indonesian operations in FY 2002, the ratio for the Bank was 35.9% compared to 36.8% in FY 2001, and in the case of the Group, it improved to 36.7% from 39.3% in FY 2001.

Loan Loss Provisions:
Loan loss provisions of the Group registered a decrease of RM616.7 million and by RM169.2 million at the Bank. Specific provisions were reduced by RM1,321.5 million at the Group and by RM1,018.4 million at the Bank on account of reduced classifications and improved recoveries.

General Provisions amounted to RM287.8 million at the Group and RM344.7 million in the Bank where there were write-backs in FY 2001.This was due mainly to the decision to reinstate General Provisions to 2.5% of risk weighted assets following the reduction in the “coverage” in 2001 to accommodate the acquired impaired assets. As a percentage of net loans, the outstanding General Provisions of RM2,455.6 million amounted to 3.3% of net loans at the Bank compared to the statutory requirement of 1.5%.

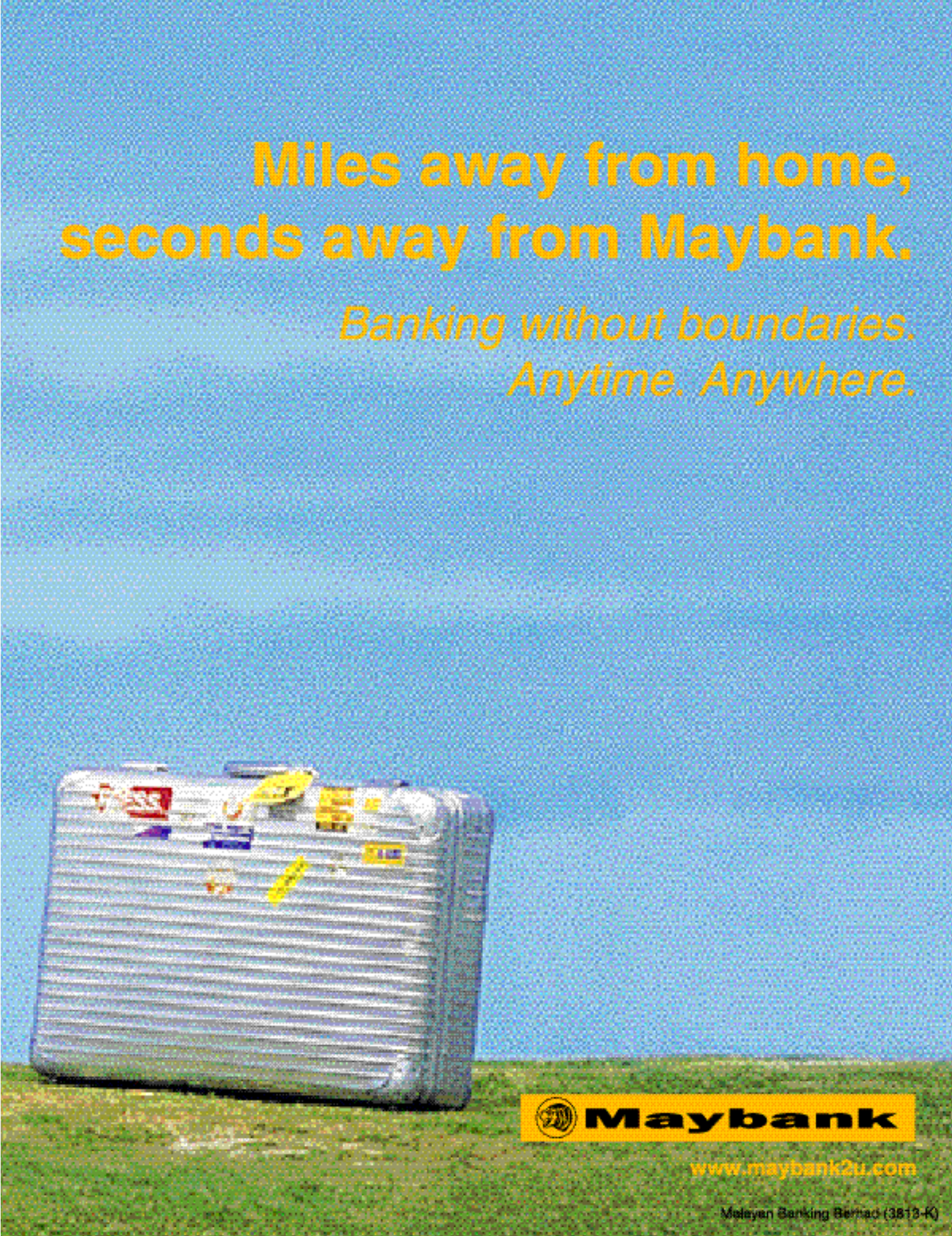
The overseas commercial banking operations of the Group were particularly impacted by provisions as they collectively registered a pre-tax loss of RM169.8 million on account of this factor. However the underlying business franchise remains intact as evidenced by the loans growth of RM1,187.7 million in Singapore and the expansion in the Philippines - two locations where the Group has a relatively significant investment.

Non Performing Loans:
Arising from the sustained effort to preserve asset quality and write-offs, outstanding NPLs declined at both the Group and Bank. It declined by 14.2% to RM13,531.6 million at the Group and by 13.1% to RM10,164.5 million at the Bank.Of the outstanding sums, interest-in-suspense amounted to RM1,729.8 million at the Group and RM1,266.5 million at the Bank. Consequently, the gross NPL ratio of the Group declined to 12.8% from 14.5% in June 2001 while for the Bank it was reduced to 12.3% from 13.7%.

Loans regularised at the Group level amounted to RM6,486.0 million, while for the Bank, it was RM4,652.7 million.This effectively translated into a recovery rate of 83% compared to 54.6% in the previous financial year. Likewise, at the Bank the ratio improved to 80.1% from 52.1%. Reflecting the improving prospects for asset quality enhancement, recoveries and regularisations totalling RM2,792.3 million exceeded new classifications amounting to RM2,310.7 million at the Bank in the second half of the financial year.

Arising from the above developments, the reserve cover (excluding collateral value) of the Group and Bank improved from 69.1% and 70.4% respectively to 71.2% and 71.7%. This compares favourably to the 52.8% for commercial banks and 51.8% for the banking system as at end June 2002.

Taxation:
The effective tax rate of the Group improved to 29.3% from 47.1% in FY 2001 due to the tax benefit of the previous year's losses at certain subsidiaries. Another factor which is also applicable to the Bank was that, following the write-offs, the interest-in-suspense component became eligible for tax deduction.At the Bank, the effective tax rate was 31.6% compared to 37.2% in FY 2001. The rates continued to remain above the statutory tax rate of 28% on account of General Provisions being non-allowable for tax purposes.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FINANCIAL INFORMATION

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Bank and the Group at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:
- considered the applicable approved Malaysian accounting standards
- adopted and consistently applied appropriate accounting policies
- made judgements and estimates that are prudent and reasonable

The Directors have responsibility for ensuring that the Bank and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Bank and the Group and which enable them to ensure the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Bank and the Group and to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Bank and of the Group for the financial year ended 30 June, 2002.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the business of banking in all its aspects which also include Islamic Banking Scheme operations.

The subsidiary companies are principally engaged in the businesses of a finance company, merchant bank, general and life insurance (including takaful insurance), stock and futures broking, discount house, leasing and factoring, trustee and nominee services, property investment, unit trust management and venture capital.

There were no significant changes in these activities during the financial year.

RESULTS

	Group	Bank
	RM'000	RM'000
Net profit from ordinary activities	1,685,034	987,161
Minority interests	(37,333)	-
Net profit for the year	1,647,701	987,161

DIVIDENDS

The amount of dividends paid or declared by the Bank since 30 June, 2001 were as follows:

	RM'000
In respect of the financial year ended 30 June, 2001	
Final ordinary dividend of 7% on 2,358,598,414 ordinary shares less 28% taxation paid on 12 October, 2001 (include dividends amounting to RM321,209 paid on shares issued on the exercise of options under ESOS)	118,873
In respect of the financial year ended 30 June, 2002	
Interim ordinary dividend of 5% on 3,544,200,421 ordinary shares less 28% taxation paid on 18 March, 2002	127,591

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 30 June, 2002 of 7% on 3,550,181,421 ordinary shares less 28% taxation amounting to a total dividend of RM178,929,144 will be proposed for shareholders'approval.The financial statements for the current financial year do not reflect this proposed dividend.Such dividend, if approved by the shareholders, will be accounted for in the shareholders'equity as an appropriation of retained profits in the next financial year ending 30 June, 2003.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off as bad debts or provided for as doubtful debts in the financial statements of the Bank and of the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Bank and of the Group have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Bank and of the Group misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Bank and of the Group misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Bank or of the Group which has arisen since the end of the financial year which secures the liabilities of any other person;or

(b) any contingent liability of the Bank or of the Group which has arisen since the end of the financial year other than those arising in the normal course of business of the Bank and of the Group.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Bank or of the Group to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Bank or of the Group which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Bank and of the Group during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Bank or of the Group for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events during the financial year are as disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENT

The subsequent event is as disclosed in Note 37 to the financial statements.

MAYBANK GROUP EMPLOYEE SHARE OPTION SCHEME

Details of the Maybank Group Employee Share Option Scheme (ESOS or the Scheme) are as disclosed in Note 19 to the financial statements.

SHARE CAPITAL

During the year, the Bank increased its issued and paid-up capital from RM2,352,225,214 to RM3,550,181,421 via:

(a) a bonus issue of 1,183,336,607 new ordinary shares of RM1 each on the basis of one (1) new ordinary share of RM1 each for every two (2) existing ordinary shares of RM1 each held (including 3,468,300 new ordinary shares being bonus entitlement for shares issued pursuant to the exercise of options under the ESOS);and

(b) issuance of 14,619,600 new ordinary shares of RM1 each to eligible persons who exercised their options under the ESOS for cash.

DIRECTORS

The directors who served since the date of the last report are:

Tan Sri Mohamed Basir bin Ahmad (Chairman)
Dato'Richard Ho Ung Hun (Vice-Chairman)
Datuk Amirsham A Aziz (President and Chief Executive Officer)
Dato'Mohammed bin Haji Che Hussein (Deputy President)
Raja Tan Sri Muhammad Alias bin Raja Muhd.Ali
Mohammad bin Abdullah
Dato'Mohd Hilmey bin Mohd Taib
Haji Mohd.Hashir bin Haji Abdullah
Teh Soon Poh
Datuk Abdul Rahman bin Mohd Ramli
Dato'lsmail Shahudin (Executive Director) (Resigned on 1 July, 2002)

Tan Sri Mohamed Basir bin Ahmad, Haji Mohd. Hashir bin Haji Abdullah and Datuk Abdul Rahman bin Mohd Ramli retire by rotation in accordance with Articles 96 and 97 of the Bank's Articles of Association and being eligible, offer themselves for re-election.

Dato'Richard Ho Ung Hun and Raja Tan Sri Muhammad Alias bin Raja Muhd.Ali retire pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for their re-appointment as directors under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Bank.

Datuk Amirsham A Aziz is under a contract of employment and therefore, he is not subject to retirement by rotation.

DIRECTORS'BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Bank or its subsidiary company is a party with the object of enabling directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate, other than the share options granted pursuant to the ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors, or the fixed salary of a full time employee of the Bank as disclosed in Note 25 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS'INTERESTS

According to the register of directors'shareholdings, the interests of directors in office at the end of the financial year in shares and share options in the Bank during the financial year were as follows:

	Number of Ordinary Shares of RM1 each				
	1 July, 2001	Bonus issue	Bought	Sold	30 June, 2002
Tan Sri Mohamed Basir bin Ahmad	12,000	6,000	-	-	18,000
Datuk Amirsham A Aziz	39,000	19,500	-	-	58,500
Dato'Ismail Shahudin	5,000	27,500	50,000	60,000	22,500
Dato'Mohammed bin Haji Che Hussein	1,600	800	-	-	2,400
Teh Soon Poh	3,498	1,749	-	-	5,247

		Number of Options Over Ordinary Shares of RM1 each				
	Option price RM	1 July, 2001	Granted	Exercised	30 June, 2002	Bonus entitlement*
Datuk Amirsham A Aziz	4.42	135,000	-	-	135,000	67,500
	12.75	10,000	-	-	10,000	5,000
Dato'Ismail Shahudin	4.42	50,000	-	50,000	-	-
	6.83	8,000	-	-	8,000	4,000
	14.19	8,000	-	-	8,000	4,000
Dato'Mohammed bin Haji Che Hussein	4.42	114,000	-	-	114,000	57,000
	16.25	8,000	-	-	8,000	4,000

* Arising from the bonus issue of new ordinary shares granted by the Bank during the financial year on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held, for the existing options granted prior to the cut-off date of the bonus issue, 18 October, 2001, each option holder is entitled to 1 additional bonus share for every 2 existing options held when the options are exercised.

None of the other directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

RATING BY EXTERNAL RATING AGENCIES

Details of the Bank's ratings are as follows:

Rating Agency	Date	Rating Classification	Rating Received
Moody's Investors Service	21 May, 2002	• Long-term deposits	Baa 3
		• Short-term deposits	P-3
		• Subordinated long-term debts	Baa 2
		• Financial strength rating	C-
		• Outlook	Positive
Standard & Poor's	21 May, 2002	• Long-term counterparty	BBB
		• Short-term counterparty	A-3
		• Subordinated notes	BBB-
		• Outlook	Stable
Rating Agency Malaysia Berhad	3 July, 2002	• Long-term	AAA
		• Short-term	P1
		• Subordinated bonds	AA1 (Long Term)
Fitch	7 August, 2002	• Long-term	BBB+
		• Outlook	Stable

BUSINESS OUTLOOK

Despite the uncertainties in the international financial markets, the economic outlook for Malaysia is expected to further improve. Capitalising on its strengths and capabilities, the Group is expected to take advantage of this growth opportunity to further enhance its shareholders' value.

AUDITORS

Our auditors, Arthur Andersen & Co., retire and do not seek re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors

TAN SRI MOHAMED BASIR BIN AHMAD

AMIRSHAM A AZIZ

Kuala Lumpur
Date:26 August, 2002

STATEMENT BY DIRECTORS

We, **TAN SRI MOHAMED BASIR BIN AHMAD** and **AMIRSHAM A AZIZ,** being two of the directors of **MALAYAN BANKING BERHAD,** do hereby state that, in the opinion of the directors, the financial statements set out on pages 73 to 144 give a true and fair view of the state of affairs of the Bank and of the Group as at 30 June, 2002 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the directors

TAN SRI MOHAMED BASIR BIN AHMAD

AMIRSHAM A AZIZ

Kuala Lumpur
Date:26 August, 2002

STATUTORY DECLARATION

I, **HOOI LAI HOONG,** the officer primarily responsible for the financial management of **MALAYAN BANKING BERHAD,** do solemnly and sincerely declare that the financial statements set out on pages 73 to 144 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, l960 (Revised-1969).

Subscribed and solemnly declared by the abovenamed, **HOOI LAI HOONG,** at Kuala Lumpur in Wilayah Persekutuan on 26 August, 2002

HOOI LAI HOONG

Before me:

PESURUHJAYA SUMPAH MALAYSIA
No. W 154
LIANG HIEN TIEN
28th Floor, Menara Maybank
100, Jalan Tun Perak,
50050 Kuala Lumpur.

LIANG HIEN TIEN
Commissioner for Oaths

AUDITORS' REPORT

TO THE SHAREHOLDERS OF MALAYAN BANKING BERHAD

We have audited the financial statements set out on pages 73 to 144.These financial statements are the responsibility of the Bank's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia.Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965, Bank Negara Malaysia Guidelines and applicable approved accounting standards in Malaysia and give a true and fair view of:
   (i) the state of affairs of the Bank and the Group as at 30 June, 2002 and of their results and their cash flows for the year then ended;and
   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements;

(b) the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors'reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors'reports on the financial statements of the subsidiary companies were not subject to any qualification and in respect of the subsidiary companies incorporated in Malaysia, did not include any adverse comment made under subsection (3) of Section 174 of the Act.

Arthur Andersen & Co

Arthur Andersen & Co.
No. AF 0103
Chartered Accountants

Gloria Goh

Gloria Goh Ewe Gim
No. 1685/04/03(J)
Partner of the Firm

Date: 26 August, 2002

BALANCE SHEETS

AS AT 30 JUNE, 2002

	Note	Group		Bank	
		2002	2001	**2002**	2001
		RM'000	RM'000	**RM'000**	RM'000
Assets					
Cash and short-term funds	4	**15,788,105**	12,647,952	**12,083,143**	10,449,003
Deposits and placements with banks and other financial institutions	5	**4,191,333**	5,433,866	**5,563,812**	5,968,728
Securities purchased under resale agreements	6	**517,525**	175,376	**517,625**	142,890
Dealing securities	7	**1,623,182**	1,302,103	**38,397**	295,528
Investment securities	8	**23,654,578**	20,974,012	**17,051,047**	13,466,817
Loans and advances	9	**95,507,029**	98,093,762	**75,000,154**	76,953,162
Other assets	10	**2,098,406**	1,900,830	**750,407**	922,817
Statutory deposit with Central Banks	11	**3,556,787**	3,326,793	**2,876,618**	2,571,380
Investment in subsidiary companies	12	**-**	-	**1,956,333**	2,087,950
Investment in associated companies	13	**18,328**	17,049	**8,840**	8,840
Property, plant and equipment	14	**1,376,591**	1,417,961	**976,797**	984,903
Life fund assets	39	**1,332,043**	1,046,384	**-**	-
Total assets		**149,663,907**	146,336,088	**116,823,173**	113,852,018
Liabilities and Shareholders'Funds					
Deposits from customers	15	**102,572,412**	97,016,515	**81,997,660**	77,926,411
Deposits and placements of banks and other financial institutions	16	**14,074,688**	18,556,897	**10,845,891**	11,736,980
Obligations on securities sold under repurchase agreements	8 (iv) / 9 (v)	**4,260,356**	3,638,837	**4,134,688**	3,688,837
Bills and acceptances payable		**1,994,268**	4,637,044	**2,645,605**	5,459,899
Other liabilities	17	**4,007,828**	4,080,801	**2,339,111**	2,463,442
Due to Cagamas		**6,394,409**	5,439,769	**2,270,149**	2,378,538
Subordinated obligations	18	**3,004,000**	1,560,000	**3,004,000**	1,560,000
Life fund liabilities	39	**100,078**	81,305	**-**	-
Life policy holders'funds	39	**1,231,965**	965,079	**-**	-
Total liabilities		**137,640,004**	135,976,247	**107,237,104**	105,214,107
Share capital	19	**3,550,181**	2,352,225	**3,550,181**	2,352,225
Reserves	20	**8,117,150**	7,688,132	**6,035,888**	6,285,686
Shareholders'funds		**11,667,331**	10,040,357	**9,586,069**	8,637,911
Minority interests		**356,572**	319,484	**-**	-
Total liabilities and shareholders'funds		**149,663,907**	146,336,088	**116,823,173**	113,852,018
Commitments and contingencies	32	**70,715,126**	72,425,426	**65,405,930**	65,532,804

The accompanying notes are an integral part of these balance sheets.

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2002

	Note	Group		Bank	
		2002	2001	**2002**	2001
		RM'000	RM'000	**RM'000**	RM'000
Interest income	21	**7,403,241**	8,062,296	**5,290,451**	5,660,925
Interest expense	22	**(3,451,107)**	(4,053,696)	**(2,517,396)**	(2,878,741)
Net interest income		**3,952,134**	4,008,600	**2,773,055**	2,782,184
Income from Islamic Banking Scheme operations	38(i)	**391,128**	306,351	**230,658**	170,525
		4,343,262	4,314,951	**3,003,713**	2,952,709
Non-interest income	23	**1,597,607**	1,307,024	**1,119,305**	1,243,800
		5,940,869	5,621,975	**4,123,018**	4,196,509
Overhead expenses	24	**(2,180,817)**	(2,117,955)	**(1,536,396)**	(1,448,839)
Operating profit		**3,760,052**	3,504,020	**2,586,622**	2,747,670
Loan loss and provisions	26	**(1,378,755)**	(1,995,449)	**(1,142,985)**	(1,312,210)
Share of profits in associated companies		**2,490**	1,381	**-**	-
Profit before taxation		**2,383,787**	1,509,952	**1,443,637**	1,435,460
Taxation and zakat	28	**(698,753)**	(711,170)	**(456,476)**	(534,349)
Net profit from ordinary activities		**1,685,034**	798,782	**987,161**	901,111
Minority interests		**(37,333)**	40,859	**-**	-
Net profit for the year		**1,647,701**	839,641	**987,161**	901,111
Earnings per share					
- Basic	31	**46.5 sen**	23.8 sen	**27.8 sen**	25.6 sen
- Fully diluted	31	**46.2 sen**	23.6 sen	**27.7 sen**	25.3 sen
Dividends per share, net of income tax					
- Interim dividend	30	**3.6 sen**	3.6 sen	**3.6 sen**	3.6 sen
- Final dividend	30	**-**	5.0 sen	**-**	5.0 sen

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE, 2002

		Non-distributable				Distributable		
Group	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	General Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1 July, 2000	2,337,975	191,749	2,795,772	15,250	98,031	3,291,534	1,629,410	10,359,721
Currency translation differences	-	-	-	-	(89,406)	(2,252)	-	(91,658)
Goodwill written off	-	-	-	-	-	(923,068)	-	(923,068)
Dilution arising from issue of new shares in subsidiary companies	-	-	-	-	-	-	(7,391)	(7,391)
Net losses not recognised in the income statement	-	-	-	-	(89,406)	(925,320)	(7,391)	(1,022,117)
Net profit for the year	-	-	-	-	-	-	839,641	839,641
Transfer to statutory reserve	-	-	177,647	-	-	-	(177,647)	-
Transfer from general reserve	-	-	-	-	-	(2,366,214)	2,366,214	-
Issue of shares	14,250	52,849	-	-	-	-	-	67,099
Dividends (Note 30)	-	-	-	-	-	-	(203,987)	(203,987)
At 30 June, 2001	2,352,225	244,598	2,973,419	15,250	8,625	-	4,446,240	10,040,357
Currency translation differences	**-**	**-**	**-**	**-**	**35,175**	**-**	**-**	**35,175**
Adjustment to fair value of net assets acquired	**-**	**-**	**-**	**-**	**-**	**-**	**3,652**	**3,652**
Net gains not recognised in the income statement	**-**	**-**	**-**	**-**	**35,175**	**-**	**3,652**	**38,827**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,647,701**	**1,647,701**
Transfer to statutory reserve	**-**	**-**	**247,000**	**-**	**-**	**-**	**(247,000)**	**-**
Bonus issue	**1,183,336**	**-**	**-**	**-**	**-**	**-**	**(1,183,336)**	**-**
Issue of shares	**14,620**	**53,738**	**-**	**-**	**-**	**-**	**-**	**68,358**
Dividends (Note 30)	**-**	**-**	**-**	**-**	**-**	**-**	**(127,912)**	**(127,912)**
At 30 June, 2002	**3,550,181**	**298,336**	**3,220,419**	**15,250**	**43,800**	**-**	**4,539,345**	**11,667,331**

The accompanying notes are an integral part of this statement.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE, 2002

	Non-distributable				Distributable		
Bank	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Exchange Fluctuation Reserve RM'000	General Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1 July, 2000	2,337,975	191,749	2,233,828	87,917	2,916,120	985,212	8,752,801
Currency translation differences	-	-	-	(38,021)	-	-	(38,021)
Goodwill on acquisition written off	-	-	-	-	(841,092)	-	(841,092)
Net losses not recognised in the income statement	-	-	-	(38,021)	(841,092)	-	(879,113)
Net profit for the year	-	-	-	-	-	901,111	901,111
Transfer to statutory reserve	-	-	118,397	-	-	(118,397)	-
Transfer from general reserve	-	-	-	-	(2,075,028)	2,075,028	-
Issue of shares	14,250	52,849	-	-	-	-	67,099
Dividends (Note 30)	-	-	-	-	-	(203,987)	(203,987)
At 30 June, 2001	2,352,225	244,598	2,352,225	49,896	-	3,638,967	8,637,911
Currency translation differences, being net gains not recognised in the income statement	**-**	**-**	**-**	**20,551**	**-**	**-**	**20,551**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**987,161**	**987,161**
Transfer to statutory reserve	**-**	**-**	**247,000**	**-**	**-**	**(247,000)**	**-**
Bonus issue	**1,183,336**	**-**	**-**	**-**	**-**	**(1,183,336)**	**-**
Issue of shares	**14,620**	**53,738**	**-**	**-**	**-**	**-**	**68,358**
Dividends (Note 30)	**-**	**-**	**-**	**-**	**-**	**(127,912)**	**(127,912)**
At 30 June, 2002	**3,550,181**	**298,336**	**2,599,225**	**70,447**	**-**	**3,067,880**	**9,586,069**

The accompanying notes are an integral part of this statement.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2002

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Cash flows from operating activities				
Profit before taxation	**2,383,787**	1,509,952	**1,443,637**	1,435,460
Adjustment for:				
Exchange fluctuation	**6,051**	16,576	**(88,625)**	(31,633)
Share of profits retained in associated companies	**(2,490)**	(1,381)	**-**	-
Depreciation	**177,745**	191,133	**126,022**	133,097
Net gain on disposal of investment securities	**(151,247)**	(131,810)	**(107,058)**	(93,340)
Net gain on disposal of subsidiary companies	**-**	(232,492)	**-**	(257,389)
Net (gain)/loss on disposal of property, plant and equipment	**(2,958)**	(1,849)	**(1,892)**	167
Gain on disposal of foreclosed properties	**(1,123)**	(799)	**-**	-
Amortisation of premiums less accretion of discounts of investment securities	**15,835**	931	**34,987**	17,935
(Writeback of provision)/provision for diminution in value of investment securities	**(77,349)**	278,456	**(47,545)**	150,616
Provision for diminution in value of investment in subsidiary companies	**-**	-	**158,142**	-
Loan loss and provision	**1,557,863**	2,204,816	**1,184,181**	1,399,172
Provision for doubtful debts- other assets	**14,276**	29,383	**-**	-
Interest/income in suspense	**795,385**	670,367	**606,672**	421,980
Dividend income	**(16,159)**	(15,232)	**(231,059)**	(272,556)
Property, plant and equipment written off	**459**	2,836	**22**	513
Provision for commitments and contingencies	**100**	200	**-**	-
Transfer of life fund surplus	**(25,000)**	(7,000)	**-**	-
Amortisation of trading rights	**-**	61	**-**	-
Operating profit before working capital changes	**4,675,175**	4,514,148	**3,077,484**	2,904,022
(Increase)/decrease in securities purchased under resale agreements	**(342,149)**	3,060	**(374,736)**	(19,168)
Decrease in deposits and placements with banks and other financial institutions	**1,242,533**	2,818,393	**404,916**	1,394,000
(Increase)/decrease in dealing securities	**(321,079)**	380,158	**257,137**	509,574
Decrease/(increase) in loans and advances	**233,485**	(5,690,273)	**162,156**	(4,683,038)
(Increase)/decrease in other assets	**(197,865)**	1,556,124	**178,431**	958,066
Increase in statutory deposits with Central Banks	**(229,994)**	(256,203)	**(305,238)**	(275,520)
Increase/(decrease) in deposits from customers	**5,555,897**	(96,059)	**4,071,249**	3,419,272
Decrease in deposits and placements of banks and other financial institutions	**(4,482,209)**	(2,427,271)	**(891,089)**	(4,954,798)
Increase/(decrease) in obligations on securities sold under repurchase agreements	**621,519**	(309,404)	**445,851**	(85,521)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2002 (CONT'D)

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Decrease in bills and acceptances payable	**(2,642,776)**	(1,212,867)	**(2,814,294)**	(555,049)
Increase/(decrease) in other liabilities	**101,188**	(2,902,960)	**67,213**	(1,342,578)
Increase in life fund assets	**(285,659)**	(384,291)	**-**	-
Increase in life fund liabilities and policy holders'funds	**310,659**	391,291	**-**	-
Cash generated from/(used in) operations	**4,238,725**	(3,616,154)	**4,279,080**	(2,730,738)
Taxes paid	**(753,737)**	(571,275)	**(529,476)**	(376,538)
Net cash generated from/(used in) operating activities	**3,484,988**	(4,187,429)	**3,749,604**	(3,107,276)
Cash flows from investing activities				
Net purchase of investment securities	**(2,467,805)**	(1,109,507)	**(3,464,612)**	(429,162)
Purchase of property, plant and equipment	**(131,309)**	(448,860)	**(93,876)**	(208,514)
Acquisition of subsidiary companies/net assets, net of cash acquired	**-**	(563,871)	**-**	(290,927)
Purchase of shares in subsidiary companies	**-**	(156,187)	**(26,525)**	(424,182)
Dividends received from associated companies	**486**	587	**-**	-
Acquisition of shares of associated companies	**-**	(3,223)	**-**	(2,660)
Disposal of shares in subsidiary companies, net of cash disposed	**-**	339,016	**-**	360,167
Proceeds from disposal of property, plant and equipment	**11,084**	153,042	**2,163**	1,102
Dividends received	**16,159**	15,232	**225,040**	196,240
Net cash used in investing activities	**(2,571,385)**	(1,773,771)	**(3,357,810)**	(797,936)
Cash flows from financing activities				
Proceeds from issuance of subordinated obligations	**1,444,000**	610,000	**1,444,000**	610,000
Proceeds from issuance of shares	**68,358**	67,099	**68,358**	67,099
Loans sold to Cagamas	**954,640**	2,176,258	**(108,389)**	1,051,533
Dividends paid	**(246,464)**	(304,270)	**(246,464)**	(304,270)
Dividends paid to minority interest	**(245)**	(17,588)	**-**	-
Net cash generated from financing activities	**2,220,289**	2,531,499	**1,157,505**	1,424,362
Net increase/(decrease) in cash and cash equivalents	**3,133,892**	(3,429,701)	**1,549,299**	(2,480,850)
Cash and cash equivalents at beginning of year	**12,654,213**	16,077,653	**10,533,844**	12,929,853
Cash and cash equivalents at end of year	**15,788,105**	12,647,952	**12,083,143**	10,449,003
Cash and cash equivalents comprise:				
Cash and short-term funds as previously reported	**15,788,105**	12,647,952	**12,083,143**	10,449,003
Effects of exchange rate changes	**-**	6,261	**-**	84,841
As restated	**15,788,105**	12,654,213	**12,083,143**	10,533,844

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Bank is principally engaged in the business of banking in all its aspects which also include Islamic Banking Scheme operations.

The subsidiary companies are principally engaged in the businesses of a finance company, merchant bank, general and life insurance (including takaful insurance), stock and futures broking, discount house, leasing and factoring, trustee and nominee services, property investment, unit trust management and venture capital.

There were no significant changes in these activities during the financial year.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The registered office of the Bank is located at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.

The number of employees in the Bank and the Group at the end of the financial year were 14,725 (2001:15,008) and 21,245 (2001 :21,537) respectively.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 August, 2002.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Bank and of the Group have been prepared in accordance with the provisions of the Companies Act, 1965, Bank Negara Malaysia Guidelines and applicable approved accounting standards in Malaysia.
The financial statements incorporate those activities relating to Islamic Banking Scheme (IBS) which have been undertaken by the Bank and the Group.

IBS refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Accounting

The financial statements of the Bank and of the Group are prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

(ii) Basis of Consolidation

The consolidated financial statements include the financial statements of the Bank and all its subsidiary companies. Companies acquired or disposed off during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal.Subsidiary companies are consolidated using the acquisition method of accounting.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(ii) Basis of Consolidation (cont'd)

The gain or loss on disposal of a subsidiary company is the difference between the net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences that were not previously recognised in the consolidated income statement.

Intragroup transactions, balances and the resulting unrealised gains and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

(iii) Goodwill/Reserve Arising on Consolidation/Acquisition

Goodwill or reserve arising on consolidation/acquisition representing the difference between the cost of an acquisition and the fair value of the Group's share of the net assets acquired at the date of acquisition is written off/credited in full to retained profits immediately.

(iv) Subsidiary Companies

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Investment in subsidiary companies is stated at cost less provision for any permanent diminution in value of investment. Such provision is made when there is a decline other than temporary in the value of the investments and is recognised as an expense in the period in which the decline occurred.On disposal of the investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

(v) Associated Companies

The Group treats as associated companies those companies in which the Group has a long term equity interest and where it exercises significant influence through management participation.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting based on the audited or management financial statements of the associated companies.

The Group's share of post acquisition profits less losses of associated companies is included in the consolidated income statement and the Group's interest in associated companies is stated at cost plus the Group's share of post-acquisition retained profits or accumulated losses and reserves.

Unrealised gains or losses on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Associated Companies (cont'd)

Investments in associated companies are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments in associated companies and is recognised as an expense in the period in which the decline occurred.On disposal of the investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(vi) Preliminary and Pre-operating Expenses

Preliminary and pre-operating expenses are charged to the income statement as and when incurred.

(vii) Dealing Securities

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term and are stated at the lower of cost and market value on portfolio basis. Increases or decreases in the carrying amount of dealing securities are credited or charged to the income statement.On disposal of the dealing securities, the differences between the net disposal proceeds and their carrying amounts are charged or credited to the income statement.

Transfers, if any, between dealing and investment securities are made at the lower of cost and market value.

(viii) Investment Securities

Investment securities are securities that are acquired and held for yield or capital growth and are usually held to maturity.

Malaysian government securities, Malaysian government investment issues, Malaysian government floating rate notes, Cagamas bonds and other government securities are stated at cost adjusted for amortisation of premium or accretion of discount, where applicable, to maturity dates.

Other quoted investments are stated at the lower of cost and market value.

Unquoted investments are stated at cost and where applicable, adjusted for amortisation of premium or accretion of discount to maturity dates. Provision is made for permanent diminution in value where considered appropriate.

Increases or decreases in the carrying amount of investment securities are credited or charged to the income statement. On disposal of the investment securities, the differences between the net disposal proceeds and their carrying amounts are charged or credited to the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(ix) Provision for Doubtful Debts

Specific provisions are made for doubtful debts which have been individually reviewed and specifically identified as bad and doubtful.

In addition, a general provision based on a certain percentage of total risk weighted assets, which takes into account all balance sheet items and their perceived risk levels, is maintained.

(x) Amount Recoverable from Pengurusan Danaharta Nasional Berhad (Danaharta)

This relates to the loans sold to Danaharta where the total consideration is received in two portions;upon the sale of the loans (initial consideration) and upon the recovery of the loans (final consideration).The final consideration amount represents the Bank's predetermined share of the surplus over the initial consideration upon recovery of the loans.

The difference between the carrying value of the loans and the initial consideration is recognised as "amount recoverable from Danaharta" within the "other assets" component of the balance sheet.Provisions against these amounts are made to reflect the directors'assessment of the realisable value of the final consideration as at the balance sheet date.

(xi) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated.Leasehold land is depreciated over the period of the lease.

Depreciation of other property, plant and equipment is provided on a straight-line basis to write-off the cost of the assets over their estimated useful lives at the following annual rate:

Buildings on freehold land	Over 50 years
Buildings on leasehold land	50 years or remaining life of the lease, whichever is shorter
Office furniture, fittings, equipment and renovations	10%-25%
Computers and peripherals	14%-25%
Electrical and security equipment	8%-25%
Motor vehicles	20%-25%

The carrying amounts of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(xi) Property, Plant and Equipment and Depreciation (cont'd)

Reversal of impairment losses recognised in prior years is recorded where there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.The reversal is recognised in the income statement immediately.

(xii) Investment Properties

Investment properties consist of investment in land and buildings that are not substantially occupied for use by, or in the operations of the Group. In line with Malaysian Accounting Standards Board (MASB) Standard 18, land and buildings owned by the life insurance business are classified as investment properties, notwithstanding that they are substantially occupied for use by, or in the operations of the Group.

Investment properties are stated at cost and include related and incidental expenditure incurred.Investment properties are not depreciated.The carrying amount of investment properties is reduced to recognise impairment losses, if any.

The carrying amounts of investment properties are reviewed for impairment when there is an indication that the assets might be impaired.Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately. Reversal of impairment losses recognised in prior years is recorded where there is an indication that the impairment losses recognised for the investment property no longer exist or have decreased.The reversal is recognised to the extent of the carrying amount of the investment property that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.The reversal is recognised in the income statement immediately.

(xiii) Other Receivables

Other receivables are carried at anticipated realisable values. Bad debts are written off when identified.An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(xiv) Repurchase Agreements

Securities purchased under resale agreements are securities which the Group had purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and corresponding obligations to purchase the securities are reflected as a liability on the balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(xv) Bills and Acceptances Payable

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

(xvi) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

(xvii) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse. However, where the timing differences give rise to deferred tax benefits, these net benefits are not recognised.

(xviii) Finance Lease/Lease Receivable

Assets leased to customers under agreements which transfer substantially all risks and rewards associated with ownership other than legal title are classified as lease receivables. The balance sheet amount represents total minimum lease payments receivable less unearned income and prepaid rentals. Initial direct costs are immediately recognised as expenses.

(xix) Insurance Fund

The life assurance fund is based on the actuarial valuation of the fund made up to 30 June, 2002.

(xx) Unearned Premium Reserves

Unearned Premium Reserves (UPR) represents the portion of the net premiums of insurance policies written that relate to the unexpired periods of policies at the end of the financial year. In determining the UPR at the balance sheet date, the method that most accurately reflects the actual unearned premium is used as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(xx) Unearned Premium Reserves (cont'd)

- 25% method for marine cargo and aviation cargo, and transit business
- 1/24th method for other classes of Malaysian general policies reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding limits specified by Bank Negara Malaysia on:

Motor	10%
Fire, engineering, aviation and marine hull	15%
Medical health	
- Standalone individuals	15%
- Group of 3 or more	10%
Workmen compensation and employers'liability	
- Foreign workers	10%
- Others	25%
Other classes	20%

- 1/8th method for all classes of overseas inward treaty business with a deduction of 20% for acquisition costs.
- Bond policies are time apportioned over the periods of the risks.

(xxi) Provision for Outstanding Claims

For general insurance business, a liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the balance sheet date. Provision is also made for the cost of claims together with related expenses incurred but not reported at balance sheet date based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation using actual claims development pattern.

For life assurance business, claims and settlement costs that are incurred during the financial period are recognised when a claimable event occurs and/or the insurer is notified.

Claims and provisions for claims arising on life insurance policies, including settlement costs, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

(i) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates;
(ii) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of the contingency covered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(xxii) Borrowings

Borrowings are reported at their face values. The costs of issuing capital instruments such as bonds and debentures are charged to the income statement as and when incurred. Interest on borrowings is charged to the income statement as expense as and when incurred.

(xxiii)Income Recognition

Interest income is recognised on an accrual basis.

Interest income on overdrafts, term loans and housing loans is accounted for on a straight line basis by reference to the rest periods as stipulated in the loan agreements. Interest income from hire-purchase, instalment sale financing, block discounting and leasing transactions is accounted for on the "sum-of-the-digits" method, whereby the income recognised for each month is obtained by multiplying the total income by a fraction whose numerator is the digit representing the remaining number of months and whose denominator is the sum of the digits representing the total number of months.

Where an account has turned non-performing, interest is suspended with retroactive adjustment made to the date of first default.Thereafter, interest on these accounts are recognised on a cash basis until such time as the accounts are no longer classified as non-performing.Customers'accounts are deemed to be non-performing where repayments are in arrears for more than three months.

Income from the Islamic banking business is recognised on the accrual basis in compliance with Bank Negara Malaysia's guidelines.

(xxiv)Fee and Other Income Recognition

Loan arrangement, management and participation fees, factoring commissions, underwriting commissions and brokerage fees are recognised as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

Dividend income is recognised when the shareholder's right to receive payment is established.

Premiums from general insurance business are recognised as income in a financial period in respect of risks assumed during that particular financial period. Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers.

Premiums for life assurance business are recognised as income on assumption of risks and subsequent premiums are recognised on due dates. Premiums outstanding at balance sheet date are recognised as income for the period provided they are still within the grace period allowed for payment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(xxv) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the balance sheet, and at exchange rates at the dates of the transactions with respect to the income statement.All resulting translation differences are taken to an exchange fluctuation reserve.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2002	2001
	RM	RM
Singapore Dollars (SGD)	**2.1569**	2.0867
Hong Kong Dollars (HKD)	**0.4872**	0.4872
United States Dollars (USD)	**3.8000**	3.8000
Philippines Peso (Peso)	**0.0754**	0.0725
Indonesia Rupiah (IDR)	**0.0004**	0.0003
Papua New Guinea Kina (Kina)	**0.9500**	1.1495
Brunei Dollars (BND)	**2.1569**	2.0867
Great Britain Pounds (GBP)	**5.8189**	5.3417

(xxvi)Foreign Exchange Contracts

Foreign exchange trading positions, including spot and forward contracts, are revalued at prevailing market rates at balance sheet date and the resultant gains and losses are recognised in the income statement.

(xxvii) Interest Rate Swaps and Futures Contracts

The Group uses interest rate swaps and futures contracts mainly in their overall interest rate risk management.

Interest income or interest expense associated with interest rate swaps that qualify as hedges is recognised over the life of the swap agreement as a component of interest income or interest expense.

Gains and losses on interest rate swaps and futures contracts that do not qualify as hedges are recognised in the current year using mark-to-market method and are included in the income statement.

(xxviii) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances and short-term funds with remaining maturity of less than one month.

4. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Cash, balances and deposits with banks and other financial institutions	**15,503,672**	12,119,160	**12,083,143**	10,449,003
Money at call	**284,433**	528,792	**-**	-
	15,788,105	12,647,952	**12,083,143**	10,449,003

Included in cash and balances of the Group are monies held in trust of RM50,583,067 (2001: RM35,757,206).

5. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Licensed banks	**3,071,862**	4,775,561	**4,122,425**	4,511,822
Licensed finance companies	**174,744**	304,700	**40,000**	80,000
Other financial institutions	**944,727**	353,605	**1,401,387**	1,376,906
	4,191,333	5,433,866	**5,563,812**	5,968,728

Included in deposits with other financial institutions is an amount of USD20,000,000 (2001: USD20,000,000) or Ringgit Malaysia equivalent of RM76,000,000 (2001:RM76,000,000) pledged with the New York State Banking Department in satisfaction of capital equivalency deposit requirements.

6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

The underlying securities purchased under resale agreements are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Foreign government bonds	**432,011**	175,376	**432,011**	142,890
Foreign government treasury bills	**85,514**	-	**85,614**	-
	517,525	175,376	**517,625**	142,890

7. DEALING SECURITIES

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Money market instruments:				
Quoted:				
Malaysian government securities	**197,980**	200,146	**38,397**	50,820
Cagamas bonds	**-**	199,782	**-**	159,228
	197,980	399,928	**38,397**	210,048
Unquoted:				
Malaysian government treasury bills	**-**	29,859	**-**	-
Bank Negara Malaysia bills	**-**	24,869	**-**	-
Bankers'acceptances and Islamic accepted bills	**1,102,632**	211,162	**-**	-
Danamodal bonds	**95,972**	188,979	**-**	-
Cagamas notes	**-**	19,971	**-**	-
Khazanah bonds	**165,678**	94,232	**-**	-
Foreign government treasury bills	**-**	483	**-**	-
Foreign certificates of deposit	**46,150**	16,081	**-**	-
	1,410,432	585,636	**-**	-
Other quoted securities:				
In Malaysia:				
Shares, trust units and loan stocks	**371**	8,628	**-**	-
Outside Malaysia:				
Foreign public authority and private debt securities	-	82,425	**-**	82,425
Total other quoted securities	**371**	91,053	**-**	82,425
Other unquoted securities:				
Private and Islamic debt securities	**14,399**	225,486	**-**	3,055
	1,623,182	1,302,103	**38,397**	295,528
Market value of quoted securities:				
Malaysian government securities	**202,616**	200,471	**38,397**	50,962
Cagamas bonds	**-**	200,067	**-**	159,529
Shares and trust units quoted in Malaysia	**371**	8,628	**-**	-
	202,987	409,166	**38,397**	210,491

7. DEALING SECURITIES (cont'd)

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Indicative value of unquoted securities:				
Malaysian government treasury bills	**-**	29,859	**-**	-
Bank Negara Malaysia bills	**-**	24,869	**-**	-
Bankers'acceptances and Islamic accepted bills	**1,102,632**	211,162	**-**	-
Danamodal bonds	**96,209**	189,378	**-**	-
Cagamas notes	**-**	19,968	**-**	-
Khazanah bonds	**166,404**	94,399	**-**	-
Foreign government treasury bills	**-**	483	**-**	-
Foreign public authority and private debt securities	**-**	82,715	**-**	82,715
Private and Islamic debt securities	**14,399**	310,248	**-**	3,055
Foreign certificates of deposit	**46,150**	16,081	**-**	-
	1,425,794	979,162	**-**	85,770

Bankers'acceptances, Islamic accepted bills and foreign certificates of deposits'carrying values approximate the market value due to their relatively short maturities.

8. INVESTMENT SECURITIES

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Money market instruments:				
Quoted:				
Malaysian government securities	**2,690,135**	1,960,806	**1,584,552**	699,950
Cagamas bonds	**1,837,152**	913,184	**1,137,674**	373,724
Foreign government securities	**1,110,530**	1,181,748	**999,805**	1,086,009
	5,637,817	4,055,738	**3,722,031**	2,159,683
Unquoted:				
Malaysian government treasury bills	**650,756**	318,324	**650,756**	313,489
Malaysian government investment certificates and issues	**649,963**	642,489	**547,197**	464,563
Cagamas notes	**112,744**	472,441	**112,744**	393,250
Bank Negara Malaysia bills and notes	**2,140,990**	1,517,268	**2,140,990**	1,517,268
Foreign government treasury bills	**433,001**	429,136	**393,576**	387,179
Negotiable instruments of deposit	**1,859,398**	3,213,993	**1,280,928**	2,887,006
Bankers'acceptances and Islamic accepted bills	**2,207,094**	2,801,924	**1,796,784**	541,863
Khazanah bonds	**286,780**	473,244	**153,343**	404,597
Danaharta bonds	**394,136**	346,931	**62,936**	166,187

8. INVESTMENT SECURITIES (cont'd)

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Money market instruments: (cont'd)				
Unquoted:				
Danamodal bonds	**99,139**	242,592	**701**	46,793
	8,834,001	10,458,342	**7,139,955**	7,122,195
Total money market instruments	**14,471,818**	14,514,080	**10,861,986**	9,281,878
Other quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	**693,581**	758,911	**308,278**	374,202
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	**159,722**	80,833	**81,129**	62,881
Malaysian government bonds	**646,967**	350,292	**646,967**	350,292
Foreign government bonds	**95,594**	95,313	**95,594**	95,313
Private debt securities	**2,244,741**	1,734,512	**2,001,270**	1,601,517
	3,147,024	2,260,950	**2,824,960**	2,110,003
Total other quoted securities	**3,840,605**	3,019,861	**3,133,238**	2,484,205
Other unquoted securities:				
Shares, trust units and loan stocks	**886,377**	443,228	**366,475**	299,542
Private and Islamic debt securities	**5,081,804**	3,569,106	**3,093,401**	1,794,696
Others	**144,215**	131,891	**117,516**	127,539
Total other unquoted securities	**6,112,396**	4,144,225	**3,577,392**	2,221,777
	24,424,819	21,678,166	**17,572,616**	13,987,860
Net accretion of discount/(amortisation of premiums)	**27,363**	38,204	**222**	(3,650)
	24,452,182	21,716,370	**17,572,838**	13,984,210
Provision for diminution in value of:				
Shares, warrants, trust units and loan stocks quoted in Malaysia	**(211,529)**	(276,149)	**(128,532)**	(158,667)
Shares, warrants, trust units and loan stocks quoted outside Malaysia	**(86,281)**	(57,847)	**(73,538)**	(53,621)
Foreign government bonds and private debt securities	**(181,259)**	(131,824)	**(137,683)**	(129,329)
Unquoted shares, trust units and loan stocks	**(138,780)**	(53,197)	**(60,615)**	(18,128)
Unquoted private and Islamic debt securities	**(179,755)**	(223,341)	**(121,423)**	(157,648)
	(797,604)	(742,358)	**(521,791)**	(517,393)
	23,654,578	20,974,012	**17,051,047**	13,466,817

8. INVESTMENT SECURITIES (cont'd)

(i) Market value of quoted securities:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Malaysian government securities	**2,657,102**	1,951,563	**1,569,582**	662,902
Cagamas bonds	**1,850,537**	929,176	**1,142,676**	381,037
Foreign government securities	**1,121,036**	1,103,034	**1,013,892**	1,102,809
Shares, warrants, trust units and loan stocks quoted in Malaysia	**598,413**	519,356	**188,374**	199,516
Shares, warrants, trust units and loan stocks quoted outside Malaysia	**75,149**	49,344	**7,729**	18,244
	6,302,237	4,552,473	**3,922,253**	2,364,508

(ii) Indicative value of unquoted securities:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Malaysian government treasury bills	**650,799**	318,502	**650,799**	313,529
Malaysian government investment certificates and issues	**662,423**	642,734	**559,105**	464,420
Cagamas notes	**112,711**	473,180	**112,711**	393,221
Bank Negara Malaysia bills and notes	**2,140,901**	1,517,344	**2,140,901**	1,517,344
Foreign government treasury bills	**433,390**	387,179	**393,965**	387,179
Khazanah bonds	**320,065**	502,396	**171,988**	423,081
Danaharta bonds	**438,217**	301,267	**66,344**	177,922
Danamodal bonds	**102,407**	255,337	**707**	46,859
Malaysian government bonds	**724,227**	377,828	**724,227**	377,828
Foreign government bonds	**99,721**	96,709	**99,721**	96,709
Private debt securites quoted outside Malaysia	**2,137,107**	1,698,405	**1,892,681**	1,449,417
Unquoted private and Islamic debt securities	**4,922,710**	3,191,402	**3,103,358**	1,719,767
	12,744,678	9,762,283	**9,916,507**	7,367,276

(iii) The maturity structure of money market instruments held for investments are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Maturing within one year	**8,567,563**	9,478,207	**6,850,022**	6,621,048
One year to three years	**4,406,613**	3,157,819	**2,776,946**	1,743,797
Three years to five years	**872,715**	1,257,010	**697,156**	521,795
After five years	**624,927**	621,044	**537,862**	395,238
	14,471,818	14,514,080	**10,861,986**	9,281,878

8. INVESTMENT SECURITIES (cont'd)

(iv)Included in the investment securities are the following securities sold under repurchase agreements:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Negotiable instruments of deposits	**1,349,796**	2,787,380	**1,270,333**	2,780,421
Bankers acceptances and Islamic accepted bills	**195,195**	-	**148,990**	-
Private debt securities	**315,084**	908,416	**315,084**	908,416
	1,860,075	3,695,796	**1,734,407**	3,688,837

9. LOANS AND ADVANCES

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Overdrafts	**14,512,830**	16,324,708	**14,492,140**	16,320,094
Term loans				
- Fixed rate	**3,662,534**	3,519,233	**3,254,931**	3,246,668
- Floating rate	**71,773,976**	72,691,496	**58,097,113**	57,537,279
Credit card receivables	**1,251,560**	1,041,324	**918,684**	783,904
Bills receivable	**555,639**	540,156	**554,865**	541,676
Trust receipts	**1,392,866**	1,474,908	**1,373,130**	1,457,604
Claims on customers under acceptance credits	**6,899,827**	6,796,278	**6,863,684**	6,745,161
Hire purchase and block discounting receivables	**12,994,251**	11,884,778	**2,238,431**	1,497,693
Floor stocking receivables	**133,456**	95,548	**72,247**	42,057
Lease receivables	**51,049**	70,375	**-**	-
Factored receivables	**37,042**	21,940	**36,785**	21,935
Staff loans	**803,600**	702,580	**697,140**	612,026
Housing loans to				
- Directors of the Bank	**-**	3	**-**	3
- Directors of subsidiary companies	**902**	1,530	**902**	1,530
Others	**47,094**	19,767	**-**	-
	114,116,626	115,184,624	**88,600,052**	88,807,630
Unearned interest and income	**(8,971,416)**	(6,193,880)	**(6,307,258)**	(3,622,381)
Gross loans and advances	**105,145,210**	108,990,744	**82,292,794**	85,185,249
Provision for bad and doubtful debts				
- Specific	**(4,626,185)**	(5,728,153)	**(3,570,503)**	(4,500,564)
- General	**(3,282,202)**	(2,947,010)	**(2,455,641)**	(2,067,209)
Interest/income-in-suspense	**(1,729,794)**	(2,221,819)	**(1,266,496)**	(1,664,314)
Net loans and advances	**95,507,029**	98,093,762	**75,000,154**	76,953,162

9. LOANS AND ADVANCES (cont'd)

(i) Loans and advances analysed by their economic purposes are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Domestic operations:				
Agriculture	**1,949,729**	2,138,221	**1,888,497**	2,061,825
Mining and quarrying	**188,726**	185,430	**161,477**	155,369
Manufacturing	**12,109,484**	13,771,221	**11,669,582**	13,139,455
Electricity, gas and water	**787,795**	2,517,340	**776,990**	2,505,288
Construction	**6,382,079**	6,706,487	**5,539,032**	5,636,326
Real estate	**1,954,952**	2,304,929	**1,733,511**	1,963,353
Purchase of landed properties:				
- Residential	**17,763,412**	15,790,490	**13,452,807**	11,895,745
- Non-residential	**5,657,684**	6,137,958	**4,124,848**	4,318,438
- Less Islamic loans sold to Cagamas	**(136,199)**	(141,812)	**(136,199)**	(141,812)
General commerce	**5,872,172**	6,505,775	**5,227,524**	5,778,340
Transport, storage and communication	**2,081,343**	2,064,730	**1,986,334**	1,941,821
Finance, insurance and business service	**11,499,030**	11,960,285	**11,701,506**	12,312,541
Purchase of securities	**6,697,272**	7,410,453	**4,324,783**	4,444,571
Purchase of transport vehicles	**8,468,198**	7,732,936	**25,648**	42,383
- Less Islamic loans sold to Cagamas	**(490,112)**	-	**-**	-
Consumption credit	**3,466,455**	3,413,541	**2,910,042**	2,814,478
Others	**3,868,247**	4,232,736	**3,679,113**	3,980,397
	88,120,267	92,730,720	**69,065,495**	72,848,518
Labuan Offshore	**3,142,503**	3,342,486	**-**	-
	91,262,770	96,073,206	**69,065,495**	72,848,518
Overseas operations:				
Singapore	**10,896,279**	9,708,554	**10,896,279**	9,708,554
United States of America	**384,114**	488,720	**384,114**	488,720
United Kingdom	**148,103**	216,142	**148,103**	216,142
Hong Kong	**1,222,634**	1,345,313	**1,222,634**	1,345,313
Brunei	**299,893**	335,527	**299,893**	335,527
Vietnam	**175,162**	192,793	**175,162**	192,793
Cambodia	**57,569**	45,684	**57,569**	45,684
Papua New Guinea	**24,215**	24,928	**-**	-
Philippines	**430,410**	326,031	**-**	-
Indonesia	**200,516**	229,848	**-**	-
China	**43,545**	3,998	**43,545**	3,998
	13,882,440	12,917,538	**13,227,299**	12,336,731
	105,145,210	108,990,744	**82,292,794**	85,185,249

9. LOANS AND ADVANCES (cont'd)

(ii) The maturity structure of loans and advances are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Maturity within one year	**44,441,440**	49,561,761	**40,723,444**	46,090,036
One year to three years	**11,384,747**	9,988,389	**7,122,615**	6,824,772
Three years to five years	**11,457,516**	9,809,761	**6,330,960**	5,529,752
After five years	**37,861,507**	39,630,833	**28,115,775**	26,740,689
	105,145,210	108,990,744	**82,292,794**	85,185,249

(iii) Movements in the non-performing loans and advances (including interest and income receivable) are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Balance at beginning of year	**15,775,180**	9,579,677	**11,698,495**	5,961,229
Classified during the year	**7,811,906**	9,769,348	**5,806,104**	6,639,441
Recovered/regularised during the year	**(6,485,965)**	(5,333,348)	**(4,652,673)**	(3,457,684)
Amount written off	**(3,656,077)**	(1,351,944)	**(2,768,336)**	(506,917)
Transfer of non-performing loans upon acquisitions	**-**	3,178,795	**-**	3,056,635
Exchange differences and expenses debited/(credited) to customers' accounts	**86,516**	(67,348)	**80,968**	5,791
Balance at end of year	**13,531,560**	15,775,180	**10,164,558**	11,698,495
Ratio of net non-performing loans (including Islamic loans sold to Cagamas) less specific provision and interest/ income-in-suspense	**7.22%**	7.74%	**6.87%**	6.99%

(iv) Movements in the provision for bad and doubtful debts and interest/income-in suspense are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Specific provision				
Balance at beginning of year	**5,728,153**	3,512,466	**4,500,564**	2,403,849
Provision made during the year	**2,982,108**	3,873,838	**1,740,939**	2,571,394
Amount written back in respect of recoveries	**(1,748,526)**	(1,318,804)	**(933,360)**	(745,385)
Amount written off	**(2,310,525)**	(954,003)	**(1,711,828)**	(326,152)
Transfer to general provision	**(38,292)**	(3,404)	**(36,203)**	(5,054)
Transferred upon acquisitions	**-**	632,979	**-**	611,321
Exchange differences	**13,267**	(14,919)	**10,391**	(9,409)
Balance at end of year	**4,626,185**	5,728,153	**3,570,503**	4,500,564

9. LOANS AND ADVANCES (cont'd)

(iv)Movements in the provision for bad and doubtful debts and interest/income-in suspense are as follows: (cont'd)

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
General provision				
Balance at beginning of year	**2,947,010**	3,076,320	**2,067,209**	2,285,910
Provision made during the year	**352,116**	86,801	**344,665**	-
Amount written back	**(64,292)**	(456,760)	**-**	(439,855)
Transferred upon acquisitions	**-**	227,335	**-**	215,326
Transfer from specific provision	**38,292**	3,404	**36,203**	5,054
Exchange differences	**9,076**	9,910	**7,564**	774
Balance at end of year	**3,282,202**	2,947,010	**2,455,641**	2,067,209
As a percentage of total loans (including Islamic loans sold to Cagamas) less specific provision and income-in-suspense	**3.30%**	2.91%	**3.16%**	2.61%
Interest/income-in-suspense				
Balance at beginning of year	**2,221,819**	1,217,060	**1,664,314**	773,373
Provision made during the year	**1,520,726**	1,263,394	**1,053,658**	777,190
Amount written back in respect of recoveries	**(704,945)**	(572,148)	**(437,876)**	(346,526)
Amount written off	**(1,316,446)**	(341,824)	**(1,020,306)**	(175,712)
Transferred upon acquisitions	**-**	663,740	**-**	643,377
Exchange differences	**8,640**	(8,403)	**6,706**	(7,388)
Balance at end of year	**1,729,794**	2,221,819	**1,266,496**	1,664,314

(v) Included in loans and advances of the Bank and the Group are bankers acceptances and Islamic accepted bills sold under repurchase agreements amounting to RM2,468,951,654 (2001:RM NIL).

10. OTHER ASSETS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Interest receivable	**329,054**	350,995	**260,906**	255,761
Other debtors, deposits and prepayments	**1,640,975**	1,439,666	**474,462**	652,017
Foreclosed properties	**72,079**	63,083	**15,039**	15,039
Investment properties	**56,298**	47,086	**-**	-
Amount recoverable from Danaharta *	**-**	-	**-**	-
	2,098,406	1,900,830	**750,407**	922,817

*** Amount recoverable from Danaharta**

Balance at beginning of year	**-**	-	**-**	-
Transferred upon acquisitions	**-**	29,687	**-**	29,687
Provision made during the year	**-**	(29,687)	**-**	(29,687)
Balance at end of year	**-**	-	**-**	-

11. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
With Bank Negara Malaysia	**3,179,395**	3,008,628	**2,527,000**	2,269,000
With other Central Banks	**377,392**	318,165	**349,618**	302,380
	3,556,787	3,326,793	**2,876,618**	2,571,380

The non-interest-bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act 1958 (Revised-1994), the amounts of which are determined as set percentages of total eligible liabilities. The statutory deposits of the foreign branches and subsidiary companies are denominated in foreign currencies and maintained with the Central Banks of respective countries, in compliance with the applicable legislation.

12.INVESTMENT IN SUBSIDIARY COMPANIES

	Bank	
	2002	2001
	RM'000	RM'000
Unquoted shares, at cost		
- In Malaysia	**1,503,635**	1,503,635
- Outside Malaysia	**610,840**	584,315
	2,114,475	2,087,950
Less :Provision for diminution in value	**(158,142)**	-
	1,956,333	2,087,950

Details of the subsidiary companies are as follows:

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital		Effective Interest	
			2002	2001	**2002**	2001
			RM	RM	**%**	%
Banking						
* P.T. Bank Maybank Indocorp	Banking	Indonesia	**340,774,000,000 (1)**	340,774,000,000 (1)	**91.2**	91.2
Maybank International (L) Ltd	Offshore banking	Malaysia	**10,000,000 (2)**	10,000,000 (2)	**100**	100
** Maybank (PNG) Limited	Banking and financial services	Papua New Guinea	**5,000,000 (3)**	5,000,000 (3)	**100**	100
* Maybank Philippines, Incorporated	Banking	Philippines	**2,796,952,359 (4)**	1,936,952,359 (4)	**99.7**	99.6
Finance						
Mayban Finance Berhad	Finance company	Malaysia	**551,250,000**	551,250,000	**100**	100
** MFSL Limited	Ceased operations	Singapore	**12,000,000 (5)**	12,000,000 (5)	**100**	100

12.INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital		Effective Interest	
			2002	2001	**2002**	2001
			RM	RM	**%**	%
Finance (cont'd)						
Sifin Berhad	Ceased operations	Malaysia	**100,000,000**	100,000,000	**100**	100
Aseamlease Berhad	Leasing	Malaysia	**20,000,000**	20,000,000	**100**	100
Mayban Allied Credit & Leasing Sdn.Bhd. (formerly known as Phileo Allied Credit & Leasing Sdn.Bhd.)	Financing	Malaysia	**10,000,000**	10,000,000	**100**	100
Aseam Credit Sdn.Bhd.	Hire purchase	Malaysia	**20,000,000**	20,000,000	**100**	100
Mayban Factoring Berhad	Factoring operations	Malaysia	**2,000,000**	2,000,000	**100**	100
Insurance						
Mayban Fortis Holdings Berhad	Investment holding	Malaysia	**170,570,000**	170,570,000	**70.0**	70.0
Mayban Life Assurance Bhd.	Life insurance	Malaysia	**100,000,000**	100,000,000	**62.0**	62.0
Mayban Life International (Labuan) Ltd	Life insurance	Malaysia	**3,500,000** **(2)**	3,500,000 (2)	**43.4**	43.4
Mayban General Assurance Berhad	General insurance	Malaysia	**178,171,233**	178,171,233	**64.8**	64.8
Mayban Takaful Berhad	Takaful insurance	Malaysia	**5,000,002**	-	**70.0**	-

12.INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital		Effective Interest	
			2002	2001	**2002**	2001
			RM	RM	**%**	%
Investment Banking						
Aseambankers Malaysia Berhad	Merchant banking	Malaysia	**50,116,000**	50,116,000	**70.5**	70.5
Mayban Securities (Holdings) Sendirian Berhad	Investment holding	Malaysia	**162,000,000**	162,000,000	**100**	100
Mayban Securities Sendirian Berhad	Stock broking	Malaysia	**124,000,000**	124,000,000	**100**	100
Mayban Discount Berhad	Discount house	Malaysia	**45,000,000**	45,000,000	**91.1**	91.1
Mayban Futures Sdn.Bhd.	Futures broking and investment advisory services	Malaysia	**10,000,000**	10,000,000	**100**	100
** Mayban Securities (Jersey) Limited (formerly known as Phileo Allied Securities (Jersey) Limited)	Investment holding	United Kingdom	**2** **(7)**	2 (7)	**100**	100
** Mayban Securities (HK) Limited (formerly known as Phileo Allied Securities (HK) Limited)	Stockbroking	Hong Kong	**30,000,000** **(6)**	30,000,000 (6)	**100**	100
Phileo Allied Securities (UK) Ltd	Under liquidation	United Kingdom	**250,000** **(7)**	250,000 (7)	**100**	100
Phileo Allied Securities Inc.	Liquidated	United States	**-**	1,650,000 (2)	**-**	100

12.INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital		Effective Interest	
			2002	2001	**2002**	2001
			RM	RM	**%**	%
Investment Banking (cont'd)						
* Phileo Allied Securities (Philippines) Inc.	Stockbroking	Philippines	**21,875,000** **(4)**	21,875,000 (4)	**100**	100
Budaya Tegas Sdn Bhd	Investment holding	Malaysia	**2**	2	**100**	100
Asset Management/ Trustees/Custody						
Mayban Property Trust Management Berhad	Ceased property trust fund management business	Malaysia	**5,000,000**	5,000,000	**100**	100
Mayban Management Berhad	Unit trust fund management	Malaysia	**4,000,000**	4,000,000	**92.6**	92.6
Mayban International Trust (Labuan) Berhad	Trustee services	Malaysia	**150,000**	150,000	**100**	100
Mayban Offshore Corporate Sevices (Labuan) Sdn.Bhd.	Dormant	Malaysia	**2**	2	**100**	100
Mayban Trustees Berhad	Trustee services	Malaysia	**500,000**	500,000	**100**	100
Mayban Ventures Sdn.Bhd.	Venture capital	Malaysia	**10,000,000**	10,000,000	**91.1**	91.1
Mayban Venture Capital Company Sdn.Bhd.	Venture capital	Malaysia	**2**	2	**100**	100

12.INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital		Effective Interest	
			2002	2001	**2002**	2001
			RM	RM	**%**	%
Asset Management/ Trustees/Custody (cont'd)						
* RPB Venture Capital Corporation	Venture capital	Philippines	**8,560,000** **(4)**	8,560,000 (4)	**59.8**	59.8
Mayban-JAIC Capital Management Sdn.Bhd.	Investment advisory and administration services	Malaysia	**2,000,000**	2,000,000	**46.5**	46.5
Mayban Investment Management Sdn.Bhd.	Fund management	Malaysia	**5,000,000**	5,000,000	**88.6**	88.6
* Philmay Property, Inc.	Property leasing and trading	Philippines	**100,000,000** **(4)**	100,000,000 (4)	**60.0**	60.0
Mayban (Nominees) Sendirian Berhad	Nominee services	Malaysia	**31,000**	31,000	**100**	100
Mayban Nominees (Tempatan) Sdn.Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100**	100
Mayban Nominees (Asing) Sdn.Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100**	100
** Mayban Nominees (Singapore) Pte. Ltd.	Nominee services	Singapore	**60,000** **(5)**	60,000 (5)	**100**	100
** Mayban Nominees (Hongkong) Limited	Nominee services	Hong Kong	**3** **(6)**	3 (6)	**100**	100

12.INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital		Effective Interest	
			2002	2001	**2002**	2001
			RM	RM	**%**	%
Asset Management/ Trustees/Custody (cont'd)						
Aseam Malaysia Nominees (Tempatan) Sdn.Bhd.	Nominees services	Malaysia	**10,000**	10,000	**70.5**	70.5
Aseam Malaysia Nominees (Asing) Sdn.Bhd.	Nominee services	Malaysia	**10,000**	10,000	**70.5**	70.5
Mayfin Nominees (Tempatan) Sdn.Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100**	100
Mayban Securities Nominees Sdn.Bhd.	Under liquidation	Malaysia	**10,000**	10,000	**100**	100
Mayban Securities Nominees (Tempatan) Sdn.Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100**	100
Mayban Securities Nominees (Asing) Sdn.Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100**	100
** MFSL Nominees Pte. Ltd.	Under liquidation	Singapore	**60,000**	60,000	**100**	100
			(5)	(5)		
AFMB Nominees (Tempatan) Sdn.Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100**	100
Mayban Allied (Malaysia) Berhad (formerly known as PhileoAllied Bank (Malaysia) Berhad)	Investment holding	Malaysia	**704,000,000**	704,000,000	**100**	100

12.INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital		Effective Interest	
			2002	2001	**2002**	2001
			RM	RM	**%**	%
Asset Management/ Trustees/Custody (cont'd)						
Anfin Berhad	Dormant	Malaysia	**106,000,000**	106,000,000	**100**	100
Mayban Allied Nominees (Tempatan) Sdn.Bhd. (formerly known as AlliedBan Nominees (Tempatan) Sdn.Bhd.)	Dormant	Malaysia	**40,000**	40,000	**100**	100
Mayban Allied Nominees (Asing) Sdn.Bhd. (formerly known as AlliedBan Nominees (Asing) Sdn.Bhd.)	Dormant	Malaysia	**10,000**	10,000	**100**	100
Mayban Allied Property Holdings Sdn.Bhd. (formerly known as PhileoAllied Property Holdings Sdn.Bhd.)	Dormant	Malaysia	**2,000,000**	2,000,000	**100**	100
PhileoAllied Trustee Berhad	Dormant	Malaysia	**150,000**	150,000	**100**	100
Maysec (Ipoh) Sdn.Bhd.	Dormant	Malaysia	**100,000,000**	100,000,000	**100**	100
** Maysec Nominees (Asing) Sdn.Bhd.	In members' voluntary liquidation	Malaysia	**2**	2	**100**	100
** Maysec Nominees (Tempatan) Sdn.Bhd.	In members' voluntary liquidation	Malaysia	**2**	2	**100**	100

12.INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital		Effective Interest	
			2002	2001	**2002**	2001
			RM	RM	**%**	%
Asset Management/ Trustees/Custody (cont'd)						
Mayban Pacific Nominees (Asing) Sdn.Bhd.	Dormant	Malaysia	**2**	2	**100**	100
Mayban Pacific Nominees (Tempatan) Sdn.Bhd.	Dormant	Malaysia	**10,000**	10,000	**100**	100
Mayban P.B. Holdings Sdn.Bhd.	Property investment	Malaysia	**1,000,000**	1,000,000	**100**	100
** Mayban Property (PNG) Limited	Property investment	Papua New Guinea	**2** **(3)**	2 (3)	**100**	100
** Kerlipan Bersinar Sdn.Bhd.	Investment holding	Malaysia	**8,946,679**	2,429,000	**73.8**	27.3
** Inter City MPC (M) Sdn.Bhd.	Mail processing services	Malaysia	**7,200,000**	7,200,000	**73.8**	27.3

* Audited by firms affiliated with Arthur Andersen & Co.

** Audited by firms of auditors other than Arthur Andersen & Co.

(1) Indonesia Rupiah (IDR)
(2) United States Dollars (USD)
(3) Papua New Guinea Kina (Kina)
(4) Philippines Peso (Peso)
(5) Singapore Dollars (SGD)
(6) Hong Kong Dollars (HKD)
(7) Great Britain Pound (GBP)

13.INVESTMENT IN ASSOCIATED COMPANIES

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Unquoted shares, at cost	**10,271**	10,271	**8,840**	8,840
Exchange differences	**1,817**	1,817	**-**	-
Share of post-acquisition reserves	**6,240**	4,961	**-**	-
	18,328	17,049	**8,840**	8,840
Represented by:				
Share of net tangible assets	**17,350**	16,071		
Share of intangible assets	**978**	978		
	18,328	17,049		

Details of the associated companies are as follows:

	Effective Interest		Country of	
Name	**2002**	2001	**Incorporation**	**Principal Activities**
Computer Recovery Centre Sdn Bhd	**45%**	45%	Malaysia	Computer disaster recovery services
Uzbek Leasing International A. O.	**35%**	35%	Uzbekistan	Leasing
Philmay Holdings Inc	**33%**	33%	Philippines	Investment holding
Baiduri Securities Sdn Bhd	**39%**	39%	Brunei	Under liquidation
TX 123 Sdn.Bhd.	**30%**	30%	Malaysia	e-commerce business
Pelaburan Hartanah Nasional Berhad	**30%**	-	Malaysia	Property trust

14.PROPERTY, PLANT AND EQUIPMENT

Group	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in-Progress RM'000	Total RM'000
Cost							
Balance at 1 July, 2001	**1,047,557**	**592,266**	**781,369**	**123,700**	**57,631**	**192,995**	**2,795,518**
Additions	**287**	**35,564**	**82,507**	**3,894**	**2,810**	**6,247**	**131,309**
Disposals	**(9,209)**	**(2,933)**	**(8,591)**	**(1,404)**	**(6,826)**	**-**	**(28,963)**
Write-offs	**-**	**(13,422)**	**(348)**	**(120)**	**-**	**-**	**(13,890)**
Transfers	**141,501**	**12,253**	**577**	**19,333**	**-**	**(182,876)**	**(9,212)**
Translation differences	**24,494**	**1,638**	**(2,773)**	**129**	**171**	**7,347**	**31,006**
Balance at 30 June, 2002	**1,204,630**	**625,366**	**852,741**	**145,532**	**53,786**	**23,713**	**2,905,768**
Accumulated Depreciation							
Balance at 1 July, 2001	**172,307**	**454,687**	**609,474**	**95,884**	**45,205**	**-**	**1,377,557**
Charge for the year	**20,678**	**57,189**	**85,746**	**8,797**	**5,335**	**-**	**177,745**
Disposals	**(2,179)**	**(2,169)**	**(8,441)**	**(1,395)**	**(6,653)**	**-**	**(20,837)**
Write-offs	**-**	**(12,969)**	**(344)**	**(118)**	**-**	**-**	**(13,431)**
Transfers	**(116)**	**(130)**	**6**	**240**	**-**	**-**	**-**
Translation differences	**4,661**	**1,431**	**1,807**	**92**	**152**	**-**	**8,143**
Balance at 30 June, 2002	**195,351**	**498,039**	**688,248**	**103,500**	**44,039**	**-**	**1,529,177**
Net Book Value							
At 30 June, 2002	**1,009,279**	**127,327**	**164,493**	**42,032**	**9,747**	**23,713**	**1,376,591**
At 30 June, 2001	875,250	137,579	171,895	27,816	12,426	192,995	1,417,961
Depreciation charge for 2001	16,984	72,614	87,381	5,977	8,177	-	191,133

14.PROPERTY, PLANT AND EQUIPMENT (cont'd)

* Properties consist of:

Group	Freehold Land RM'000	Buildings on Freehold Land RM'000	Leasehold Land Less Than 50 Years RM'000	Leasehold Land 50 Years or More RM'000	Buildings on Leasehold Land Less Than 50 Years RM'000	Buildings on Leasehold Land 50 Years or More RM'000	Total RM'000
Cost							
Balance at 1 July, 2001	**101,823**	**438,083**	**10,072**	**105,469**	**112,085**	**280,025**	**1,047,557**
Additions	**-**	**-**	**-**	**-**	**-**	**287**	**287**
Disposals	**-**	**-**	**-**	**-**	**-**	**(9,209)**	**(9,209)**
Transfers	**1,110**	**(6,628)**	**-**	**(1,776)**	**8,016**	**140,779**	**141,501**
Translation differences	**269**	**783**	**71**	**565**	**387**	**22,419**	**24,494**
Balance at 30 June, 2002	**103,202**	**432,238**	**10,143**	**104,258**	**120,488**	**434,301**	**1,204,630**
Accumulated Depreciation							
Balance at 1 July, 2001	**-**	**100,623**	**2,696**	**10,157**	**17,364**	**41,467**	**172,307**
Charge for the year	**-**	**8,669**	**201**	**1,177**	**1,771**	**8,860**	**20,678**
Disposal	**-**	**-**	**-**	**-**	**-**	**(2,179)**	**(2,179)**
Transfers	**-**	**(542)**	**-**	**(1,288)**	**683**	**1,031**	**(116)**
Translation differences	**-**	**3,687**	**24**	**110**	**581**	**259**	**4,661**
Balance at 30 June, 2002	**-**	**112,437**	**2,921**	**10,156**	**20,399**	**49,438**	**195,351**
Net Book Value							
At 30 June, 2002	**103,202**	**319,801**	**7,222**	**94,102**	**100,089**	**384,863**	**1,009,279**
At 30 June, 2001	101,823	337,460	7,376	95,312	94,721	238,558	875,250
Depreciation charge for 2001	-	8,696	205	1,158	1,413	5,512	16,984

14.PROPERTY, PLANT AND EQUIPMENT (cont'd)

Bank	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in-Progress RM'000	Total RM'000
Cost							
Balance at 1 July, 2001	**720,849**	**383,152**	**639,984**	**94,226**	**34,479**	**180,280**	**2,052,970**
Additions	**-**	**17,322**	**68,381**	**1,599**	**647**	**5,927**	**93,876**
Disposals	**-**	**(1,183)**	**(8,370)**	**(1,311)**	**(4,251)**	**-**	**(15,115)**
Write-offs	**-**	**(1,146)**	**(99)**	**(93)**	**-**	**-**	**(1,338)**
Transfers	**161,376**	**8,530**	**-**	**375**	**-**	**(170,281)**	**-**
Translation differences	**22,425**	**1,161**	**(3,383)**	**107**	**77**	**7,347**	**27,734**
Balance at 30 June, 2002	**904,650**	**407,836**	**696,513**	**94,903**	**30,952**	**23,273**	**2,158,127**
Accumulated Depreciation							
Balance at 1 July, 2001	**145,786**	**306,375**	**504,696**	**83,159**	**28,051**	**-**	**1,068,067**
Charge for the year	**14,877**	**36,213**	**68,888**	**3,372**	**2,672**	**-**	**126,022**
Disposals	**-**	**(1,131)**	**(8,330)**	**(1,302)**	**(4,080)**	**-**	**(14,843)**
Write-offs	**-**	**(1,123)**	**(100)**	**(93)**	**-**	**-**	**(1,316)**
Translation differences	**791**	**1,051**	**1,425**	**67**	**66**	**-**	**3,400**
Balance at 30 June, 2002	**161,454**	**341,385**	**566,579**	**85,203**	**26,709**	**-**	**1,181,330**
Net Book Value							
At 30 June, 2002	**743,196**	**66,451**	**129,934**	**9,700**	**4,243**	**23,273**	**976,797**
At 30 June, 2001	575,063	76,777	135,288	11,067	6,428	180,280	984,903
Depreciation charge for 2001	12,160	48,109	66,364	2,722	3,742	-	133,097

14.PROPERTY, PLANT AND EQUIPMENT (cont'd)

* Properties consist of:

Bank	Freehold Land RM'000	Buildings on Freehold Land RM'000	Leasehold Land: Less Than 50 Years RM'000	Leasehold Land: 50 Years or More RM'000	Buildings on Leasehold Land: Less Than 50 Years RM'000	Buildings on Leasehold Land: 50 Years or More RM'000	Total RM'000
Cost							
Balance at 1 July, 2001	**67,087**	**355,625**	**7,670**	**72,313**	**56,139**	**162,015**	**720,849**
Transfers	**1,110**	**1,233**	**-**	**81**	**-**	**158,952**	**161,376**
Translation differences	**269**	**205**	**71**	**565**	**(717)**	**22,032**	**22,425**
Balance at 30 June, 2002	**68,466**	**357,063**	**7,741**	**72,959**	**55,422**	**342,999**	**904,650**
Accumulated Depreciation							
Balance at 1 July, 2001	**-**	**88,701**	**2,219**	**7,853**	**11,851**	**35,162**	**145,786**
Charge for the year	**-**	**7,146**	**157**	**744**	**341**	**6,489**	**14,877**
Translation differences	**-**	**80**	**24**	**110**	**433**	**144**	**791**
Balance at 30 June, 2002	**-**	**95,927**	**2,400**	**8,707**	**12,625**	**41,795**	**161,454**
Net Book Value							
At 30 June, 2002	**68,466**	**261,136**	**5,341**	**64,252**	**42,797**	**301,204**	**743,196**
At 30 June, 2001	67,087	266,924	5,451	64,460	44,288	126,853	575,063
Depreciation charge for 2001	-	6,841	156	713	1,243	3,207	12,160

15.DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Demand deposits	**17,539,306**	15,792,476	**17,415,635**	15,894,282
Savings deposits	**18,571,811**	15,943,060	**16,752,179**	14,531,987
Fixed deposits	**66,359,655**	65,187,639	**47,756,346**	47,382,942
Negotiable instruments of deposits	**101,640**	93,340	**73,500**	117,200
	66,461,295	65,280,979	**47,829,846**	47,500,142
	102,572,412	97,016,515	**81,997,660**	77,926,411

15. DEPOSITS FROM CUSTOMERS (cont'd)

(i) The maturity structure of fixed deposits and negotiable instruments of deposit are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Due within six months	**50,665,703**	52,350,208	**36,217,182**	36,926,165
Six months to one year	**12,921,517**	9,100,090	**10,111,186**	7,621,152
One year to three years	**2,832,813**	3,817,398	**1,474,900**	2,946,624
Three years to five years	**40,856**	13,268	**26,578**	6,201
After five years	**406**	15	**-**	-
	66,461,295	65,280,979	**47,829,846**	47,500,142

(ii) The deposits are sourced from the following customers:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Business enterprises	**41,418,971**	46,850,428	**34,947,781**	36,796,983
Individuals	**44,825,780**	40,405,997	**37,266,785**	33,215,042
Others	**16,327,661**	9,760,090	**9,783,094**	7,914,386
	102,572,412	97,016,515	**81,997,660**	77,926,411

16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Licensed banks	**10,203,236**	10,990,196	**8,265,642**	9,203,774
Licensed finance companies	**758,062**	832,636	**140,980**	228,671
Other financial institutions	**3,113,390**	6,734,065	**2,439,269**	2,304,535
	14,074,688	18,556,897	**10,845,891**	11,736,980

17. OTHER LIABILITIES

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Interest payable	**593,603**	615,206	**479,208**	460,996
Proposed dividends	**-**	118,552	**-**	118,552
Taxation	**1,062,339**	1,122,221	**849,408**	805,608
Deferred taxation (Note 29)	**8,060**	3,887	**-**	-
Provision for outstanding claims	**226,671**	240,209	**-**	-
Unearned premium reserves	**94,879**	100,333	**-**	-
Provision for commitments and contingencies	**300**	200	**-**	-
Other creditors, provisions and accruals	**2,021,976**	1,880,193	**1,010,495**	1,078,286
	4,007,828	4,080,801	**2,339,111**	2,463,442

17. OTHER LIABILITIES (cont'd)

Movements in provision for commitments and contingencies are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Balance at beginning of year	**200**	-	**-**	-
Provision made during the year	**100**	200	**-**	-
Balance at end of year	**300**	200	**-**	-

18. SUBORDINATED OBLIGATIONS

	Group and Bank	
	2002	2001
	RM'000	RM'000
USD250 million subordinated notes due in 2005	**950,000**	950,000
RM610 million subordinated bonds due in 2011	**610,000**	610,000
USD380 million subordinated notes due in 2012	**1,444,000**	-
	3,004,000	1,560,000

On 27 September, 1995, the Bank issued USD250 million nominal value Subordinated Notes through its New York Branch.The Notes bear interest of 7.125% per annum payable semi-annually in arrears in March and September each year and are due in September 2005.The Notes will, subject to the prior consent of Bank Negara Malaysia, be redeemable in whole but not in part, at the option of the Bank in the event of changes affecting taxation in Malaysia as described under "Terms and Conditions of the Notes - Optional Redemption upon the Imposition of Taxation".

On 16 May, 2001, the Bank issued RM610 million nominal value Subordinated Bonds with a fixed coupon rate of 5.65% per annum payable semi-annually in arrears in November and May each year, subject to the revision of interest explained below and are due in May 2011.The Bank may, subject to the prior consent of Bank Negara Malaysia, redeem the Bonds, in whole but not in part, any time on or after the 5th year from Issue Date at 100% of the principal amount together with accrued interest.Should the Bank decide not to exercise its call option on the first permissible call date, then the coupon rate will be stepped up to 6.65% per annum from the beginning of the 6th year to the final maturity date.

On 6 June, 2002, the Bank issued USD380 million nominal value Subordinated Notes with a fixed coupon rate of 6.125% per annum payable semi-annually in arrears in January and July each year, subject to the revision of interest and are due in July 2012.The Bank may, subject to the prior consent of Bank Negara Malaysia, redeem the Notes, in whole but not in part any time on or after the 5th year from issue date at 100% of the principal amount together with accrued interest.Should the Bank decide not to exercise its call option on the first permissible call date, then the coupon rate will be revised to an equivalent to 3.23% above the US Treasury Rate per annum from the beginning of the 6th year to the final maturity date.

All the Notes and Bonds above constitute unsecured liabilities of the Bank and are subordinated to the senior indebtedness of the Bank in accordance with the respective terms and conditions of their issues and qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank.

19.SHARE CAPITAL

	Group and Bank			
	Number of ordinary shares of RM1 each		Amount	
	2002	2001	**2002**	2001
	'000	'000	**RM'000**	RM'000
Authorised:				
At 30 June	**4,000,000**	4,000,000	**4,000,000**	4,000,000
Issued and fully paid:				
At 1 July, 2001/2000	**2,352,225**	2,337,975	**2,352,225**	2,337,975
Bonus issue appropriated from retained profits	**1,183,336**	-	**1,183,336**	-
Shares issued under the Maybank Group Employee Share Option Scheme	**14,620**	14,250	**14,620**	14,250
At 30 June	**3,550,181**	2,352,225	**3,550,181**	2,352,225

During the year, the Bank increased its issued and paid-up capital from RM2,352,225,214 to RM3,550,181,421 via:

(a) A bonus issue of 1,183,336,607 new ordinary shares of RM1 each on the basis of one (1) new ordinary share of RM1 each for every two (2) existing ordinary shares of RM1 each held (including 3,468,300 new ordinary shares being bonus entitlement for shares issued pursuant to the exercise of options under the Maybank Group Employee Share Option Scheme (ESOS or the Scheme) during the bonus entitlement period);and

(b) Issuance of 14,619,600 new ordinary shares of RM1 each to eligible persons who exercised their options under the ESOS for cash.

Under the Scheme approved by the shareholders,

(a) The maximum number of new shares which may be available under the ESOS shall be eight point seven five percent (8.75%) or a higher percentage, as may be allowed by the relevant authorities, of the enlarged issued and paid-up share capital of the Bank during the existence of the Scheme.

(b) The eligible persons are employees of the Group who have served the Group for a continuous period of at least twenty four (24) months as at the Date of Offer and directors who hold office in executive capacities in the Group. The eligibility for participation in the Scheme shall be at the absolute discretion of the ESOS Committee appointed by the Board of Directors.

19.SHARE CAPITAL (cont'd)

(c) The number of shares to be offered shall not be less than two hundred (200) ordinary shares and up to a maximum of five hundred thousand (500,000) ordinary shares.

(d) The Option period is for five (5) years and shall expire on 22 June, 2003.

(e) The Option price shall be the average of the mean market quotation (computed as the average of the highest and lowest prices transacted) as shown in the daily official list issued by the Kuala Lumpur Stock Exchange (KLSE) for the five (5) preceding market days prior to the Date of Offer or at RM1.00 whichever is the higher.

(f) The number of shares under Option may be adjusted following any variation in the issued share capital of the Bank by way of rights or capitalisation of profits or reserves made while an Option remains unexercised.

(g) The shares to be allotted upon any exercise of the Option will, upon allotment, rank pari passu in all respects with the then existing issued shares of the Bank.

The movement in the options to take up unissued new ordinary shares of RM1.00 each and the option price are as follows:

Option Price RM	At 1 July, 2001	Granted	* Retracted	Exercised	At 30 June, 2002	** Bonus entitlement
4.42	30,086,000	-	81,400	13,488,800	**16,515,800**	8,257,900
6.83	3,732,000	-	51,200	719,200	**2,961,600**	1,480,800
12.75	5,240,400	-	152,000	25,200	**5,063,200**	2,531,600
16.25	4,230,800	-	188,800	-	**4,042,000**	2,021,000
14.19	2,862,200	-	68,600	1,800	**2,791,800**	1,395,900
9.79	2,539,600	-	53,600	212,800	**2,273,200**	1,136,600
7.66	-	2,958,400	73,800	171,800	**2,712,800**	-
9.15	-	2,889,200	-	-	**2,889,200**	-

* Due to resignations or offers not taken up

** Arising from the bonus issue of new ordinary shares granted by the Bank during the financial year on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held, for the existing options granted prior to the cut-off date of the bonus issue, 18 October, 2001, each option holder is entitled to 1 additional bonus share for every 2 existing options held when the options are exercised.

At the Extraordinary General Meeting held on 25 June, 2002, the shareholders have approved the amendment to the Bye-Laws of the Scheme in relation to the option price, by incorporating a discount of ten percent (10%) on the five(5)-day weighted market price immediately preceding the Date of Offer, at the discretion of the Bank for any future offers made to eligible employees, which in no event the option price be less than the par value of RM1.00 of the ordinary share.

20. RESERVES

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable:				
Share premium	**298,336**	244,598	**298,336**	244,598
Statutory reserves	**3,220,419**	2,973,419	**2,599,225**	2,352,225
Capital reserve	**15,250**	15,250	**-**	-
Exchange fluctuation reserve	**43,800**	8,625	**70,447**	49,896
	3,577,805	3,241,892	**2,968,008**	2,646,719
Distributable:				
Retained profits	**4,539,345**	4,446,240	**3,067,880**	3,638,967
	8,117,150	7,688,132	**6,035,888**	6,285,686

The statutory reserve is maintained in compliance with the requirements of Bank Negara Malaysia and certain Central Banks of the respective territories in which the Bank and the Group operate and is not distributable as cash dividends.

The capital reserve of the Group arose from the capitalisation of bonus issue in certain subsidiary companies in previous years.

21.INTEREST INCOME

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Loans and advances	**6,677,447**	6,813,024	**4,782,878**	4,677,983
Money at call and deposit placements with financial institutions	**656,248**	1,078,821	**625,015**	925,102
Dealing securities	**60,810**	25,427	**9,802**	7,702
Investment securities	**785,004**	785,976	**514,415**	490,053
Others	**34,952**	30,346	**-**	-
	8,214,461	8,733,594	**5,932,110**	6,100,840
Amortisation of premiums less accretion of discounts	**(15,835)**	(931)	**(34,987)**	(17,935)
Net interest suspended	**(795,385)**	(670,367)	**(606,672)**	(421,980)
	7,403,241	8,062,296	**5,290,451**	5,660,925

22.INTEREST EXPENSE

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Deposits and placements of banks and other financial institutions	**559,188**	891,217	**442,352**	756,697
Deposits from other customers	**2,487,159**	2,767,680	**1,843,898**	1,881,239
Loans sold to Cagamas	**240,591**	255,323	**98,754**	127,975
Floating rate certificates of deposit	**18,008**	29,884	**18,008**	29,884
Subordinated notes	**73,785**	67,688	**73,785**	67,688
Subordinated bonds	**34,465**	4,345	**34,465**	4,345
Others	**37,911**	37,559	**6,134**	10,913
	3,451,107	4,053,696	**2,517,396**	2,878,741

23.NON-INTEREST INCOME

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Fee income:				
Commission	**292,038**	271,285	**292,076**	267,024
Service charges and fees	**305,755**	238,684	**239,425**	196,659
Guarantee fees	**92,916**	81,815	**90,373**	76,838
Underwriting fees	**2,679**	8,564	**1,060**	1,832
Brokerage income	**46,737**	23,012	-	-
Other fee income	**31,246**	41,113	**21,111**	14,770
	771,371	664,473	**644,045**	557,123
Investment income:				
Net gain from sale of dealing securities	**46,931**	22,107	**2,813**	15,620
Net gain on disposal of investment securities	**151,247**	131,810	**107,058**	93,340
Net gain on disposal of subsidiary companies	-	232,492	-	257,389
	198,178	386,409	**109,871**	366,349

23.NON-INTEREST INCOME (cont'd)

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Gross dividends from:				
Dealing securities	**-**	245	**-**	13
Investment securities				
- Quoted in Malaysia	**11,481**	9,989	**3,391**	167
- Quoted outside Malaysia	**1,659**	176	**-**	-
- Unquoted	**3,019**	4,822	**2,653**	2,673
Subsidiary companies in Malaysia	**-**	-	**224,340**	268,353
Associated companies	**-**	-	**675**	1,350
	16,159	15,232	**231,059**	272,556
Write back of provision/(provision) for diminution in value of investment securities (net)	**77,349**	(278,456)	**47,545**	(150,616)
Provision for diminution in value of investment in subsidiary companies	-	-	**(158,142)**	-
	77,349	(278,456)	**(110,597)**	(150,616)
Other income:				
Foreign exchange profit	**193,596**	150,460	**187,511**	145,376
Net premiums written	**220,390**	213,790	**-**	-
Rental income	**7,077**	14,376	**11,857**	16,592
Gain on disposal of property, plant and equipment	**2,958**	2,628	**1,892**	612
Gain on disposal of foreclosed properties	**1,123**	799	**-**	-
Other operating income	**21,048**	20,586	**27,098**	15,752
Other non-operating income	**88,358**	116,727	**16,569**	20,056
	534,550	519,366	**244,927**	198,388
	1,597,607	1,307,024	**1,119,305**	1,243,800

24. OVERHEAD EXPENSES

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Personnel costs	**1,042,909**	1,029,580	**785,540**	791,216
Establishment costs	**438,600**	436,163	**328,576**	310,537
Marketing costs	**94,384**	69,088	**66,309**	36,250
Administration and general expenses	**604,924**	583,124	**355,971**	310,836
	2,180,817	2,117,955	**1,536,396**	1,448,839

24. OVERHEAD EXPENSES (cont'd)

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Included in overhead expenses are:				
Directors' fees and remuneration (Note 25)	**9,436**	8,608	**3,526**	2,904
Rental of leasehold land and premises	**71,446**	65,135	**58,947**	46,862
Hire of equipment	**9,233**	6,799	**5,921**	5,026
Lease of equipment	**7,741**	7,781	**1,412**	1,469
Provision for doubtful debts- other debtors	**14,276**	29,383	**-**	-
Auditors'remuneration				
- statutory audit fees	**3,111**	3,135	**2,013**	2,079
- other fees	**1,405**	697	**1,198**	490
Amortisation of trading rights	**-**	61	**-**	-
Depreciation of property, plant and equipment (Note 14)	**177,745**	191,133	**126,022**	133,097
Loss on disposal of property, plant and equipment	**-**	779	**-**	779
Property, plant and equipment written off (Note 14)	**459**	2,836	**22**	513

25.DIRECTORS'REMUNERATION

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Directors of the Bank:				
Executive directors:				
Salary and other remuneration, including meeting allowance	**1,903**	1,724	**1,873**	1,538
Bonuses	**636**	632	**636**	460
Benefits-in-kind	**75**	100	**75**	93
	2,614	2,456	**2,584**	2,091
Non-executive directors:				
Fees	**780**	602	**475**	322
Other remuneration	**931**	958	**542**	584
Benefits-in-kind	**59**	45	**59**	45
	1,770	1,605	**1,076**	951
Directors of the Subsidiary Companies:				
Executive directors:				
Salary and other remuneration, including meeting allowance	**2,763**	3,097	**-**	-
Bonuses	**510**	720	**-**	-
Benefits-in-kind	**58**	147	**-**	-
	3,331	3,964	**-**	-

25.DIRECTORS'REMUNERATION (cont'd)

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Non-executive directors:				
Fees	**302**	221	**-**	-
Other remuneration	**1,611**	654	**-**	-
Benefits-in-kind	**138**	114	**-**	-
	2,051	989	**-**	-
Total	**9,766**	9,014	**3,660**	3,042
Total (excluding benefits-in-kind)	**9,436**	8,608	**3,526**	2,904

The remuneration attributable to the President/Chief Executive Officer of the Bank including benefits-in-kind during the year amounted to RM1,087,069 (2001:RM1,072,788).

	Bank	
	2002	2001
	RM'000	RM'000
Number of directors whose remuneration falls into the following bands:		
Number of executive directors		
RM300,001 to RM350,000	**-**	1
RM600,001 to RM650,000	**-**	1
RM700,001 to RM750,000	**2**	-
RM1,000,001 to RM1,050,000	**-**	1
RM1,050,001 to RM1,100,000	**1**	-
	3	3
Number of non-executive directors		
Below RM50,000	**-**	2
RM50,001 to RM100,000	**7**	5
RM250,000 to RM300,000	**-**	-
RM350,001 to RM400,000	**1**	1
	8	8
Total	**11**	11

26.LOAN LOSS AND PROVISIONS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Provision for bad and doubtful debts:				
- Specific (net)	**1,233,582**	2,555,034	**807,579**	1,826,009
- General	**287,824**	(369,959)	**344,665**	(439,855)
Bad debts:				
- Written off	**36,457**	19,741	**31,937**	13,018
- Recovered	**(174,911)**	(180,292)	**(41,196)**	(57,687)
	1,382,952	2,024,524	**1,142,985**	1,341,485
Provision on amounts recoverable from Danaharta				
- Provision for value impairment during the year	**-**	29,687	**-**	29,687
- Written back on recoveries	**(4,297)**	(58,962)	**-**	(58,962)
Provision for commitments and contingencies (net)	**100**	200	**-**	-
	1,378,755	1,995,449	**1,142,985**	1,312,210

27.SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The Bank's significant transactions and balances with related companies are as follows:

	Bank	
	2002	2001
	RM'000	RM'000
Transactions with subsidiary companies:		
Income:		
Interest on deposits	**59,174**	47,752
Interest on loans and advances	**12,844**	14,775
Dividend income	**225,015**	268,353
Rental of premises	**5,287**	5,520
Other income	**15,494**	11,643
	317,814	348,043
Expenditure:		
Interest on deposits	**28,876**	25,666
Other expenses	**19,897**	17,703
	48,773	43,369

27.SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

The Bank's significant transactions and balances with related companies are as follows: (cont'd)

	Bank	
	2002	2001
	RM'000	RM'000
Other transactions:		
Purchases from an associated company	**2,023**	3,843
Disposal of hire purchase loans with net carrying value of RM2,039,917 to a subsidiary company	**1,428**	-

The directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on a negotiated basis that are not materially different from that obtainable in transactions with unrelated parties.

Included in the balance sheet of the Bank are amounts due from/(to) subsidiary companies represented by the following:

	Bank	
	2002	2001
	RM'000	RM'000
Amounts due from subsidiary companies:		
Current accounts and deposits	**3,620,637**	2,593,296
Loans and advances	**416,741**	435,540
Interest and other receivable on deposits	**274,061**	135,205
	4,311,439	3,164,041
Amounts due to subsidiary companies:		
Current accounts and deposits	**(1,659,019)**	(1,657,283)
Interest payable on deposits	**(23,432)**	(4,933)
	(1,682,451)	(1,662,216)
Deposits by an associated company	**7,450,000**	7,450,000

28. TAXATION AND ZAKAT

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Malaysian taxation	**726,949**	641,484	**492,924**	470,419
Overseas taxation	**16,465**	66,171	**13,510**	63,635
	743,414	707,655	**506,434**	534,054
Share of tax in associated companies	**725**	794	**-**	-
	744,139	708,449	**506,434**	534,054
Transfer to deferred taxation account (Note 29)	**4,173**	265	**-**	-
	748,312	708,714	**506,434**	534,054
(Over)/under provision in respect of prior years	**(51,918)**	414	**(50,200)**	-
	696,394	709,128	**456,234**	534,054
Zakat	**2,359**	2,042	**242**	295
	698,753	711,170	**456,476**	534,349

The tax charges for the Bank and the Group reflect effective rates that are higher than the statutory rate as certain charges and provisions are not considered deductible for tax purposes.

The overprovision in respect of prior years mainly relates to the tax incentive given by the Ministry of Finance in the current financial year to financial institutions for loans growth in excess of 8% for the calendar year 2000.

The Bank has sufficient tax credit under Section 108 of the Income Tax Act 1967 and tax exempt account to declare its entire retained profits as at 30 June, 2002 as dividends without incurring additional tax liabilities.

29. DEFERRED TAXATION

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Balance at beginning of year	**3,887**	3,622	**-**	-
Transfer from income statement (Note 28)	**4,173**	265	**-**	-
Balance at end of year	**8,060**	3,887	**-**	-

Deferred taxation is mainly in respect of the following timing differences:

Leases	**15,635**	13,086	**-**	-
Depreciation and capital allowances	**13,151**	796	**-**	-
	28,786	13,882	**-**	-

30.DIVIDENDS

	Group and Bank		Dividend Per share	
	2002	2001	**2002**	2001
	RM'000	RM'000	**Sen**	Sen
Ordinary interim dividend of 5% (2001: 5%) less 28% taxation	**127,591**	84,638	**3.6**	3.6
Ordinary final dividend of NIL (2001:7%) less 28% taxation	**-**	118,552	**-**	5.0
Dividend of 7% (2001:13%) less 28% taxation paid on ordinary shares issued under ESOS	**321**	797	**5.0**	9.4
	127,912	**203,987**		

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 30 June, 2002 of 7% on 3,550,181,421 ordinary shares less 28% taxation amounting to a total dividend of RM178,929,144 will be proposed for shareholders'approval.The financial statements for the current financial year do not reflect this proposed dividend.Such dividend, if approved by the shareholders, will be accounted for in the shareholders'equity as an appropriation of retained profits in the next financial year ending 30 June, 2003.

31.EARNINGS PER SHARE

Basic earnings per share ("Basic EPS")

Basic EPS of the Bank and the Group are calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year.

	Group		Bank	
	2002	2001	**2002**	2001
Net profit for the year (RM'000)	**1,647,701**	839,641	**987,161**	901,111
Weighted average number of ordinary shares in issue ('000)	**3,544,699**	3,522,259	**3,544,699**	3,522,259
Basic earnings per share (sen)	**46.5**	23.8	**27.8**	25.6

The weighted average number of ordinary shares in issue for the financial year ended 30 June, 2001 has been adjusted for the effects of the bonus shares issued during the year for comparative purposes.

Diluted earnings per share ("Diluted EPS")

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of the Bank's ESOS.

In a diluted earnings per share calculation, the share options are assumed to have been exercised into ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual share price of the Bank's shares) based on the monetary value of the subscription rights attached to the outstanding share options. This calculation serves to determine the number of dilutive shares to be added to the ordinary shares outstanding for the purpose of computing the dilution.No adjustment is made to the net profit for the year.

31.EARNINGS PER SHARE (cont'd)

	Group		Bank	
	2002	2001	**2002**	2001
Net profit for the year (RM'000)	**1,647,701**	839,641	**987,161**	901,111
Weighted average number of ordinary shares in issue ('000)	**3,544,699**	3,522,259	**3,544,699**	3,522,259
Assumed exercise of share options ('000)	**19,059**	33,993	**19,059**	33,993
	3,563,758	3,556,252	**3,563,758**	3,556,252
Fully diluted earnings per share (sen)	**46.2**	23.6	**27.7**	25.3

32.COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank and its subsidiary companies make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposures of the Bank and its subsidiary companies as at 30 June, are as follows:

	2002		2001	
	Principal	**Credit Equivalent**	Principal	Credit Equivalent
	RM'000	**RM'000**	RM'000	RM'000
Group				
Direct credit substitutes	**4,373,040**	**4,373,040**	4,093,571	4,093,571
Certain transaction-related contingent items	**4,975,545**	**2,487,772**	4,008,374	2,004,187
Short-term self-liquidating trade related contingencies	**5,056,484**	**1,011,297**	5,753,599	1,150,720
Islamic housing loans and hire purchase sold to Cagamas Berhad	**626,311**	**626,311**	141,812	141,812
Obligations under underwriting agreements	**1,221,411**	**610,706**	1,451,107	725,553
Obligations arising out of rediscounting of bankers acceptances	**493**	**20**	90,730	3,629
Irrevocable commitments to extend credit:				
- Maturity within one year	**33,391,803**	**-**	32,284,716	-
- Maturity exceeding one year	**4,281,045**	**2,140,522**	4,574,801	2,287,402
Foreign exchange related contracts:				
- Less than one year	**7,921,508**	**146,957**	14,863,562	239,910
- One year to less than five years	**1,208,638**	**36,382**	549,961	38,788
- Five years and above	**82,575**	**5,516**	-	-
Interest rate related contracts:				
- Less than one year	**363,996**	**19,994**	391,307	5,043
- One year to less than five years	**4,328,935**	**222,457**	1,987,945	117,624
- Five years and above	**995,820**	**99,967**	588,911	59,953
Miscellaneous	**1,887,522**	**-**	1,645,030	-
	70,715,126	**11,780,941**	72,425,426	10,868,192

32.COMMITMENTS AND CONTINGENCIES (cont'd)

	2002		2001	
		Credit		Credit
	Principal	Equivalent	Principal	Equivalent
	RM'000	RM'000	RM'000	RM'000
Bank				
Direct credit substitutes	**2,622,056**	**2,622,056**	2,444,990	2,444,990
Certain transaction-related contingent items	**4,972,218**	**2,486,109**	3,961,569	1,980,785
Short-term self-liquidating trade related contingencies	**5,025,645**	**1,005,129**	5,717,025	1,143,405
Islamic housing loans sold to Cagamas Berhad	**136,199**	**136,199**	141,812	141,812
Obligations under underwriting agreements	**1,096,880**	**548,440**	456,690	228,345
Irrevocable commitments to extend credit:				
- Maturity within one year	**32,381,734**	**-**	30,084,856	-
- Maturity exceeding one year	**2,724,701**	**1,362,350**	3,057,100	1,528,550
Foreign exchange related contracts:				
- Less than one year	**7,921,506**	**146,957**	14,863,562	239,910
- One year to less than five years	**866,911**	**19,296**	208,235	14,867
- Five years and above	**82,575**	**5,516**	-	-
Interest rate related contracts:				
- Less than one year	**363,996**	**19,994**	391,307	5,043
- One year to less than five years	**4,328,935**	**222,457**	1,972,945	116,949
- Five years and above	**995,820**	**99,967**	588,911	59,953
Miscellaneous	**1,886,754**	**-**	1,643,802	-
	65,405,930	**8,674,470**	65,532,804	7,904,609

The Bank and certain subsidiary companies are contingently liable in respect of Islamic housing loans sold to Cagamas Berhad on the condition that they undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudent criteria.

Foreign exchange and interest rate related contracts are subject to market risk and credit risk. Principal amounts of the foreign exchange related contracts and interest rate related contracts are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Foreign exchange related contracts:				
- Forward and futures contracts	**4,478,532**	7,886,850	**4,478,530**	7,886,850
- Swaps	**4,699,558**	7,526,673	**4,357,831**	7,184,947
- Options	**34,631**	-	**34,631**	-
Interest rate related contracts:				
- Forward and futures contracts	**3,492,459**	-	**3,492,459**	-
- Swaps	**2,196,292**	2,968,163	**2,196,292**	2,953,163
	14,901,472	18,381,686	**14,559,743**	18,024,960

32.COMMITMENTS AND CONTINGENCIES (cont'd)

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk.Exposure to market risk may be reduced through offsetting on and off balance sheet positions.

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiary companies have a gain position.This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

As at 30 June, the amounts of market risk and credit risk are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Market risk				
Amount of contracts which were not hedged and hence, exposed to market risk	**122,926**	120,112	**122,926**	120,112
Credit risk				
Amount of credit risk, measured in terms of cost to replace the profitable contracts	**83,256**	50,124	**70,579**	38,895

33.CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure approved by directors but not provided for in the financial statements amounted to:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Approved and contracted for	**60,064**	176,499	**40,457**	162,767
Approved but not contracted for	**106,488**	83,436	**20,388**	18,393
	166,552	259,935	**60,845**	181,160
(b) Uncalled capital in shares of subsidiary companies	**-**	-	**280**	280

33.CAPITAL AND OTHER COMMITMENTS (cont'd)

(c) Commitments to inject capital into the following subsidiary companies are as follows:

	Group and Bank	
	2002	2001
	'000	'000
Maybank Philippines, Incorporated		
- As shares	**-**	PHP350,000
		(RM26,600)
Mayban Takaful Berhad		
- As shares	**RM20,000**	-
P.T. Bank Maybank Indocorp		-
- As shares	**USD17,000**	
	(RM64,600)	

(d) The Bank and a subsidiary company are committed to lend up to five times the nominal value of its investment in Export Credit Insurance Corporation of Singapore Limited (ECIC) to meet claims arising as part of the export credit insurance business of the company. ECIC may, at its option, convert the whole or any part of any such loans into fully paid shares.

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Maximum commitments in respect of the investment in ECIC	**10,785**	10,434	**10,785**	10,434

34.CAPITAL ADEQUACY

The capital adequacy ratios of the Bank and the Group as at 30 June, are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Capital ratio				
Core capital ratio	**10.35%**	9.17%	**10.87%**	10.03%
Risk-weighted capital ratio	**15.62%**	13.05%	**14.51%**	11.61%

34.CAPITAL ADEQUACY (cont'd)

The capital adequacy ratios of the Group and the Bank as at 30 June are as follows:(cont'd)

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Tier 1 capital				
Paid-up share capital	**3,550,181**	2,352,225	**3,550,181**	2,352,225
Share premium	**298,336**	244,598	**298,336**	244,598
Other reserves	**7,580,251**	7,419,659	**5,488,174**	5,991,191
Tier 1 minority interest	**195,371**	188,848	**-**	-
Total Tier 1 capital	**11,624,139**	10,205,330	**9,336,691**	8,588,014
Tier 2 capital				
Subordinated obligations	**2,624,000**	1,370,000	**2,624,000**	1,370,000
General provision for bad and doubtful debts	**3,282,202**	2,947,010	**2,455,642**	2,067,209
Total Tier 2 capital	**5,906,202**	4,317,010	**5,079,642**	3,437,209
Total capital	**17,530,341**	14,522,340	**14,416,333**	12,025,223
Less: Investment in subsidiary companies	**-**	-	**(1,956,333)**	(2,087,950)
Capital base	**17,530,341**	14,522,340	**12,460,000**	9,937,273

The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
0%	**23,009,585**	20,345,943	**18,492,215**	15,175,725
10%	**2,965,798**	4,525,200	**2,291,263**	3,019,074
20%	**21,493,561**	20,891,074	**16,076,825**	15,518,992
50%	**17,603,838**	15,521,111	**13,459,360**	11,683,736
100%	**98,809,577**	98,865,304	**75,677,289**	76,338,360
	163,882,359	160,148,632	**125,996,952**	121,735,887

35.SEGMENT INFORMATION- GROUP

	Revenue RM'000	Profit/(loss) Before Taxation RM'000	Total Assets Employed RM'000
(a) Analysis by Geographical Location			
2002			
Malaysia	**8,403,392**	**2,553,653**	**129,890,257**
Singapore	**730,192**	**(99,621)**	**12,687,865**
Other locations	**494,284**	**(70,245)**	**7,085,785**
	9,627,868	**2,383,787**	**149,663,907**
2001			
Malaysia	8,810,452	1,480,747	128,487,633
Singapore	737,787	(16,930)	11,681,731
Other locations	654,780	46,135	6,166,724
	10,203,019	1,509,952	146,336,088
(b) Analysis by Activity			
2002			
Commercial and merchant banking	**7,129,942**	**1,419,627**	**119,131,706**
Finance company, leasing and factoring operations	**1,920,249**	**765,054**	**22,789,589**
Discount house	**189,625**	**72,020**	**4,224,030**
Insurance	**276,588**	**96,536**	**1,940,959**
Stocks and futures broking	**58,125**	**9,087**	**432,897**
Others	**53,339**	**21,463**	**1,144,726**
	9,627,868	**2,383,787**	**149,663,907**
2001			
Commercial and merchant banking	7,687,291	979,275	116,701,302
Finance company, leasing and factoring operations	1,977,850	477,263	22,897,946
Discount house	195,980	39,915	4,312,960
Insurance	256,711	(5,770)	1,516,683
Stocks and futures broking	41,636	1,722	197,977
Others	43,551	17,547	709,220
	10,203,019	1,509,952	146,336,088

36.SIGNIFICANT EVENTS

(a) Incorporation of Mayban Takaful Berhad

In December 2001, a subsidiary company, Mayban Takaful Berhad (MTB), was incorporated with an authorised capital of RM35,000,000, comprising 35,000,000 ordinary shares of RM1 each and issued and paid up capital of RM5,000,002, comprising 5,000,002 ordinary shares of RM1 each.

On 10 May, 2002, MTB was granted a licence by the Ministry of Finance to undertake the takaful business. The subsidiary has commenced operations in July 2002.

(b) Acquisition of Safety Insurance Berhad (SIB)

On 9 November, 2001, Mayban General Assurance Berhad (MGAB) entered into a Business Agreement with SIB to acquire the general insurance business of SIB. Following the receipt of the requisite approvals, the financial due diligence on SIB was completed on 17 May, 2002.Both MGAB and SIB had on 12 June, 2002 agreed on a conditional completion adjusted net tangible assets of RM32.748 million.The completion of the sale transaction and transfer of business via a Vesting Order is tentatively scheduled for 1 September, 2002.

37.SUBSEQUENT EVENT

Subsequent to the financial year end, the Bank has increased its equity interest in P.T. Bank Maybank Indocorp from 91.2% to 93.9% via a capital injection of USD17 million (RM64.6 million).

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS)

BALANCE SHEETS AS AT 30 JUNE, 2002

		Group		Bank	
	Note	**2002**	2001	**2002**	2001
		RM'000	RM'000	**RM'000**	RM'000
ASSETS					
Cash and short-term funds	(a)	**1,250,484**	1,116,360	**1,108,704**	1,302,442
Deposits and placements with banks and other financial institutions	(b)	**279,655**	299,272	**197,655**	197,581
Dealing securities	(c)	**165,678**	135,879	**-**	-
Investment securities	(d)	**2,826,574**	2,326,252	**1,844,740**	1,578,656
Loans and advances	(e)	**8,253,532**	6,409,411	**6,885,503**	4,667,212
Other assets		**428,535**	71,402	**66,488**	21,438
		13,204,458	10,358,576	**10,103,090**	7,767,329

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

BALANCE SHEETS AS AT 30 JUNE, 2002

	Note	Group		Bank	
		2002	2001	**2002**	2001
		RM'000	RM'000	**RM'000**	RM'000
LIABILITIES					
Deposits from customers	(f)	**10,851,996**	7,869,274	**8,562,808**	6,165,688
Deposits and placements of banks and other financial institutions	(g)	**1,314,588**	1,195,692	**832,605**	412,076
Obligations on securities sold under repurchased agreements		**74,135**	65,754	**74,135**	65,754
Bills and acceptances payable		**21,299**	425,373	**21,299**	470,694
Other liabilities		**143,673**	467,990	**89,253**	397,514
		12,405,691	10,024,083	**9,580,100**	7,511,726
Islamic banking fund	(h)	**798,767**	334,493	**522,990**	255,603
		13,204,458	10,358,576	**10,103,090**	7,767,329
COMMITMENTS AND CONTINGENCIES	(l)	**3,330,816**	1,948,904	**2,683,854**	1,758,637

The accompanying notes form part of these balance sheets.

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2002

	Note	Group		Bank	
		2002	2001	**2002**	2001
		RM'000	RM'000	**RM'000**	RM'000
Income	(i)	**391,128**	306,351	**230,658**	170,525
Loan loss and provisions	(j)	**(126,162)**	(82,933)	**(108,242)**	(26,147)
Net income		**264,966**	223,418	**122,416**	144,378
Overhead expenses	(k)	**(14,374)**	(12,887)	**(12,787)**	(12,249)
Profit before taxation and zakat		**250,592**	210,531	**109,629**	132,129
Taxation		**(83,959)**	(71,646)	**(42,000)**	(45,200)
Zakat		**(2,359)**	(2,042)	**(242)**	(295)
Profit after taxation and zakat		**164,274**	136,843	**67,387**	86,634
Retained profits brought forward		**301,993**	165,150	**233,103**	146,469
Retained profits carried forward	(h)	**466,267**	301,993	**300,490**	233,103

The accompanying notes form part of these statements.

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(a) CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Cash and balances with banks and other financial institutions	**1,250,484**	1,116,360	**1,108,704**	1,302,442

(b) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Licensed banks	**8,000**	113,900	**8,000**	90,300
Licensed finance companies	**45,000**	46,091	**-**	-
Other financial institutions	**226,655**	139,281	**189,655**	107,281
	279,655	299,272	**197,655**	197,581

(c) DEALING SECURITIES

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Unquoted:				
Islamic debt securities	**165,678**	135,879	**-**	-
Indicative value of unquoted securities :				
Islamic debt securities	**166,404**	135,950	**-**	-

(d) INVESTMENT SECURITIES

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Money market instruments:				
Quoted:				
Malaysian Government Securities	**4,638**	-	**-**	-
Cagamas Mudharabah bonds	**138,408**	-	**138,408**	-
	143,046	-	**138,408**	-

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(d) INVESTMENT SECURITIES (cont'd)

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Money market instruments:(cont'd)				
Unquoted:				
Malaysian government investment certificates and issues	**649,962**	588,257	**547,197**	410,331
Khazanah bonds	**234,542**	169,752	**121,346**	121,346
Islamic accepted bills	**556,793**	304,267	**556,793**	288,182
Bank Negara Malaysia bills	**414,612**	600,764	**414,612**	600,764
Negotiable Islamic certificates of deposit	**29,928**	154,150	**29,928**	154,150
	1,885,837	1,817,190	**1,669,876**	1,574,773
Total money market instruments	**2,028,883**	1,817,190	**1,808,284**	1,574,773
Other unquoted securities:				
Islamic debt securities	**782,109**	512,486	**14,350**	-
	2,810,992	2,329,676	**1,822,634**	1,574,773
Accumulated accretion of discounts less amortisation of premium	**36,582**	10,576	**22,106**	3,883
	2,847,574	2,340,252	**1,844,740**	1,578,656
Provision for diminution in value of Islamic debt securities	**(21,000)**	(14,000)	**-**	-
	2,826,574	2,326,252	**1,844,740**	1,578,656
Market value of quoted securities:				
Malaysian Government Securities	**4,713**	-	**-**	-
Cagamas Mudharabah bonds	**138,409**	-	**138,409**	-
	143,122	-	**138,409**	-
Indicative value of unquoted securities:				
Malaysian Government Investment Certificates and issues	**662,422**	588,461	**559,105**	410,147
Khazanah bonds	**261,295**	182,722	**139,866**	134,030
Islamic debt securities	**852,904**	497,170	**14,350**	-
Bank Negara Malaysia bills	**416,670**	600,870	**416,670**	600,870
	2,193,291	1,869,223	**1,129,991**	1,145,047

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(d) INVESTMENT SECURITIES (cont'd)

The maturity structure of money market instruments held for investment are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Maturing within one year	**1,311,579**	1,059,181	**1,231,349**	1,043,096
One year to three years	**575,409**	610,975	**436,665**	529,816
Three years to five years	**104,235**	129,309	**102,610**	1,861
After five years	**37,660**	17,725	**37,660**	-
	2,028,883	1,817,190	**1,808,284**	1,574,773

Included in the investment securities are the following securities sold under repurchase agreements:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Negotiable Islamic certificate of deposit	**20,050**	59,278	**20,050**	59,278
Islamic accepted bills	**647**	6,476	**647**	6,476
	20,697	65,754	**20,697**	65,754

(e) LOANS AND ADVANCES

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Overdrafts	**716,989**	315,678	**716,989**	315,678
Term financing	**12,229,158**	7,969,703	**11,187,384**	6,975,911
Trust receipts	**157,322**	72,761	**81,826**	72,760
Hire purchase receivables	**1,182,726**	1,704,772	-	-
Other financing	**1,290,729**	910,085	**1,116,773**	828,275
	15,576,924	10,972,999	**13,102,972**	8,192,624
Unearned income	**(6,977,160)**	(4,340,189)	**(6,012,809)**	(3,424,918)
Gross loans and advances	**8,599,764**	6,632,810	**7,090,163**	4,767,706
Provision for bad and doubtful debts				
- Specific	**(164,653)**	(99,616)	**(79,136)**	(30,780)
- General	**(133,793)**	(79,406)	**(104,793)**	(52,265)
Income-in-suspense	**(47,786)**	(44,377)	**(20,731)**	(17,449)
Net loans and advances	**8,253,532**	6,409,411	**6,885,503**	4,667,212

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

e) LOANS AND ADVANCES (cont'd)

(i) Loans and advances analysed by concepts are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Al-Bai'Bithaman Ajil	**6,227,017**	4,094,832	**5,891,892**	3,870,142
Al-Ijarah	**873,153**	1,327,909	-	-
Al-Murabahah	**1,188,572**	896,178	**1,188,572**	896,178
Other principles	**311,022**	313,891	**9,699**	1,386
	8,599,764	6,632,810	**7,090,163**	4,767,706

(ii) Loans and advances analysed by their economic purposes are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Agriculture	**391,149**	515,249	**387,514**	510,496
Manufacturing	**948,720**	693,340	**943,313**	691,855
Electricity, gas and water	**969**	695,996	**852**	695,758
Construction	**184,637**	353,906	**136,093**	348,513
Real estate	**111,401**	13,522	**109,865**	10,399
Purchase of landed properties:				
- Residential	**4,427,779**	2,014,792	**4,083,877**	1,790,103
- Non-residential	**371,697**	339,518	**227,829**	202,847
- Less Islamic loan sold to Cagamas	**(136,199)**	(141,812)	**(136,199)**	(141,812)
General commerce	**219,442**	183,270	**218,142**	180,947
Transport, storage and communication	**152,610**	176,509	**143,854**	165,488
Finance, insurance and business service	**522,047**	72,720	**521,550**	71,873
Purchase of securities	**168,464**	208,578	**109,977**	147,658
Purchase of transport vehicles	**1,314,499**	1,363,477	**336**	80
- Less Islamic loan sold to Cagamas	**(490,112)**	-	**-**	-
Consumption credit	**311,605**	113,066	**244,075**	66,134
Others	**101,056**	30,679	**99,085**	27,367
	8,599,764	6,632,810	**7,090,163**	4,767,706

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(e) LOANS AND ADVANCES (cont'd)

(iii)The maturity structure of loans and advances are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Maturing within one year	**2,079,630**	1,544,826	**2,060,297**	1,415,252
One year to three years	**286,329**	240,472	**55,555**	91,308
Three years to five years	**817,831**	580,030	**112,016**	95,198
After five years	**5,415,974**	4,267,482	**4,862,295**	3,165,948
	8,599,764	6,632,810	**7,090,163**	4,767,706

(iv)Movements in the non-performing loans and advances (including income receivables) are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Balance at beginning of year	**376,854**	313,805	**186,604**	116,001
Classified during the year	**462,897**	335,701	**319,610**	92,879
Transfer of non-performing loans upon acquisitions	**-**	16,236	**-**	15,726
Recovered/regularised during the year	**(179,161)**	(210,865)	**(50,392)**	(37,047)
Amount written off	**(59,489)**	(78,023)	**(27,530)**	(955)
Balance at end of year	**601,101**	376,854	**428,292**	186,604

(v) Movements in the provision for bad and doubtful debts and income-in-suspense are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Specific provision				
Balance at beginning of year	**99,616**	103,919	**30,780**	27,442
Provision made during the year	**189,918**	134,357	**79,380**	27,310
Transferred upon acquisitions	**-**	13,450	**-**	6,268
Amount written back in respect of recoveries	**(109,799)**	(98,691)	**(23,672)**	(29,712)
Amount written off	**(15,082)**	(53,419)	**(7,352)**	(528)
Balance at end of year	**164,653**	99,616	**79,136**	30,780

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(e) LOANS AND ADVANCES (cont'd)

(v) Movements in the provision for bad and doubtful debts and income-in-suspense are as follows:(cont'd)

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
General provision				
Balance at beginning of year	**79,406**	46,560	**52,265**	22,060
Provision made during the year	**54,387**	31,000	**52,528**	28,500
Transferred upon acquisitions	**-**	1,846	**-**	1,705
Balance at end of year	**133,793**	79,406	**104,793**	52,265
As a percentage of total loans (including Islamic loans sold to Cagamas) less specific provision and income-in-suspense	**1.48%**	1.20%	**1.47%**	1.08%
Income-in-suspense				
Balance at beginning of year	**44,377**	41,146	**17,449**	8,515
Provision made during the year	**77,394**	45,978	**35,829**	14,924
Transferred upon acquisitions	**-**	1,169	**-**	716
Amount written back in respect of recoveries	**(56,998)**	(25,099)	**(26,719)**	(6,240)
Amount written off	**(16,987)**	(18,817)	**(5,828)**	(466)
Balance at end of year	**47,786**	44,377	**20,731**	17,449

(vi) Included in loans and advances of the Bank and the Group are Islamic accepted bills sold under repurchase agreements amounting to RM53,438,000 (2001: RM NIL).

(f) DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Demand deposits	**1,719,674**	1,241,706	**1,719,674**	1,241,706
Savings deposits	**1,162,688**	860,640	**1,060,296**	750,553
General investment deposits	**7,667,107**	5,742,037	**5,480,311**	4,148,538
Special investment deposits	**302,527**	24,891	**302,527**	24,891
	7,969,634	5,766,928	**5,782,838**	4,173,429
	10,851,996	7,869,274	**8,562,808**	6,165,688

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(f) DEPOSITS FROM CUSTOMERS (cont'd)

(i) The maturity structure of general and special investment deposits are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Due within six months	**7,523,965**	5,173,377	**5,436,719**	3,694,812
Six months to one year	**421,622**	580,459	**339,517**	472,093
One year to three years	**16,148**	9,763	**3,862**	5,000
Three years to five years	**7,899**	3,329	**2,740**	1,524
	7,969,634	5,766,928	**5,782,838**	4,173,429

(ii) The deposits are sourced from the following customers:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Business enterprises	**5,152,860**	3,491,408	**3,968,526**	2,429,712
Individuals	**2,222,818**	1,586,936	**1,759,255**	1,203,613
Others	**3,476,318**	2,790,930	**2,835,027**	2,532,363
	10,851,996	7,869,274	**8,562,808**	6,165,688

(g) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Licensed banks	**851,607**	539,837	**684,471**	363,465
Licensed finance companies	**94,660**	30,257	**94,660**	-
Other financial institutions	**368,321**	625,598	**53,474**	48,611
	1,314,588	1,195,692	**832,605**	412,076

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(h) ISLAMIC BANKING FUND

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Funds allocated from Head Office	**332,500**	32,500	**222,500**	22,500
Retained profits	**466,267**	301,993	**300,490**	233,103
	798,767	334,493	**522,990**	255,603

(i) INCOME FROM THE OPERATIONS OF IBS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Income derived from investment of depositors'funds	**677,464**	538,927	**432,342**	325,350
Income attributable to depositors:				
- Other customers	**(252,376)**	(171,906)	**(185,364)**	(120,995)
- Banks and financial institutions	**(44,911)**	(54,233)	**(26,420)**	(25,715)
Income attributable to the Group/Bank:	**380,177**	312,788	**220,558**	178,640
- Other IBS income	**19,905**	14,316	**19,054**	12,638
- Other IBS expenses	**(8,954)**	(20,753)	**(8,954)**	(20,753)
	391,128	306,351	**230,658**	170,525

Details of the income derived from investment of depositors'funds and funds allocated from Head Office are as follows:

	Group		Bank	
	Depositors' funds	**IBF**	**Depositors' funds**	**IBF**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2002				
Income from financing	**617,124**	**-**	**390,961**	**-**
Investment income:				
Gain from sale of dealing securities	**8,437**	**-**	**-**	**-**
Gain/(loss) from sale of investment securities	**8,307**	**-**	**(3)**	**-**
Gross dividend from investment securities	**39,218**	**-**	**40,391**	**-**
Provision for diminution in value of investment securities	**(7,000)**	**-**	**-**	**-**

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(i) INCOME FROM THE OPERATIONS OF IBS (cont'd)

	Group		Bank	
	Depositors' funds	**IBF**	**Depositors' funds**	**IBF**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2002				
Fee Income:				
Commission	**-**	**-**	**-**	**-**
Service charges and fees	**1,525**	**12,083**	**968**	**12,083**
Other fee income	**25**	**7,451**	**25**	**6,971**
Other non-operating income	**9,828**	**371**	**-**	**-**
	677,464	**19,905**	**432,342**	**19,054**
2001				
Income from financing	504,944	-	299,860	-
Investment income:				
Gain from sale of investment securities	8	-	-	-
Gain from sale of dealing securities	4,921	715	(225)	-
Gross dividend from investment securities	29,792	-	25,238	-
Provision for diminution in value of investment securities	(2,000)	-	-	-
Fee income:				
Commission	784	-	-	-
Service charges and fees	443	6,990	443	6,990
Other fee income	35	6,348	34	5,648
Other non-operating income	-	263	-	-
	538,927	14,316	325,350	12,638

(j) LOAN LOSS AND PROVISIONS

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Provision for bad and doubtful debts:				
- Specific (net)	**80,119**	35,666	**55,708**	(2,402)
- General	**54,387**	31,000	**52,528**	28,500
Bad debts:				
- Written off	**29**	16,307	**29**	56
- Recovered	**(8,373)**	(40)	**(23)**	(7)
	126,162	82,933	**108,242**	26,147

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(k) OVERHEAD EXPENSES

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Personnel costs	**6,979**	6,849	**6,429**	6,580
Establishment costs	**2,957**	2,583	**2,722**	2,509
Marketing costs	**677**	442	**585**	441
Administration and general expenses	**3,761**	3,013	**3,051**	2,719
	14,374	12,887	**12,787**	12,249

(l) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank and its subsidiary companies make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposure of the Bank and its subsidiary companies as at 30 June, are as follows:

	2002		2001	
	Principal	**Credit Equivalent**	Principal	Credit Equivalent
	RM'000	**RM'000**	RM'000	RM'000
Group				
Direct credit substitutes	**121,688**	**121,688**	42,015	42,015
Certain transaction- related contingent items	**147,755**	**73,878**	77,090	38,545
Short-term self- liquidating trade related contingencies	**64,194**	**12,839**	52,420	10,484
Islamic housing loans and hire purchase sold to Cagamas Berhad	**626,311**	**626,311**	141,812	141,812
Irrevocable commitments to extend credit:				
- Maturity within one year	**1,419,269**	**-**	924,932	-
- Maturity exceeding one year	**846,233**	**423,117**	560,890	280,445
Miscellaneous	**105,366**	**-**	149,745	-
	3,330,816	**1,257,833**	1,948,904	513,301

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(l) COMMITMENTS AND CONTINGENCIES (cont'd)

	2002		2001	
	Principal	**Credit Equivalent**	Principal	Credit Equivalent
	RM'000	**RM'000**	RM'000	RM'000
Bank				
Direct credit substitutes	**121,688**	**121,688**	42,015	42,015
Certain transaction- related contingent items	**147,755**	**73,878**	77,090	38,545
Short-term self- liquidating trade related contingencies	**64,194**	**12,839**	52,420	10,484
Islamic housing loans sold to Cagamas Berhad	**136,199**	**136,199**	141,812	141,812
Irrevocable commitments to extend credit:				
- Maturity within one year	**1,418,738**	**-**	813,817	-
- Maturity exceeding one year	**689,914**	**344,957**	481,738	240,869
Miscellaneous	**105,366**	**-**	149,745	-
	2,683,854	**689,561**	1,758,637	473,725

(m) CAPITAL ADEQUACY

The capital adequacy ratios of the Bank and the Group as at 30 June, are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Capital ratio				
Core capital ratio	**9.10%**	4.94%	**9.00%**	5.63%
Risk-weighted capital ratio	**10.63%**	6.12%	**10.81%**	6.78%
Tier 1 capital				
Islamic Banking Fund	**332,500**	32,500	**222,500**	22,500
Retained profits	**466,267**	301,993	**300,489**	233,103
Total Tier 1 capital	**798,767**	334,493	**522,989**	255,603
Tier 2 capital				
General provision for bad and doubtful debts	**133,793**	79,406	**104,793**	52,265
Total Tier 2 capital	**133,793**	79,406	**104,793**	52,265
Capital base	**932,560**	413,899	**627,782**	307,868

38.THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(m) CAPITAL ADEQUACY (cont'd)

The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
0%	**2,330,170**	1,798,655	**1,927,613**	1,367,127
10%	**148,408**	386,230	**372,708**	863,730
20%	**1,423,487**	1,356,863	**958,088**	947,013
50%	**4,446,573**	1,921,044	**4,120,765**	1,706,677
100%	**6,247,445**	5,488,490	**3,518,268**	3,408,771
	14,596,083	10,951,282	**10,897,442**	8,293,318

39. LIFE FUND BALANCE SHEET AS AT 30 JUNE, 2002

	Group	
	2002	2001
	RM'000	RM'000
ASSETS		
Property, plant and equipment	**17,028**	17,234
Investments	**1,040,461**	824,309
Loans	**19,584**	24,199
Receivables	**15,859**	13,443
Cash and bank balances	**6,557**	7,208
Investment-linked business assets	**232,554**	159,991
Total life business assets	**1,332,043**	1,046,384
LIABILITIES		
Other liabilities	**100,078**	81,305
Total life business liabilities	**100,078**	81,305
Life policyholders'funds	**1,231,965**	965,079
	1,332,043	1,046,384

The operating revenue generated from the life insurance business of the Group for the financial year amounted to RM402,374,000 (2001:RM488,650,000).

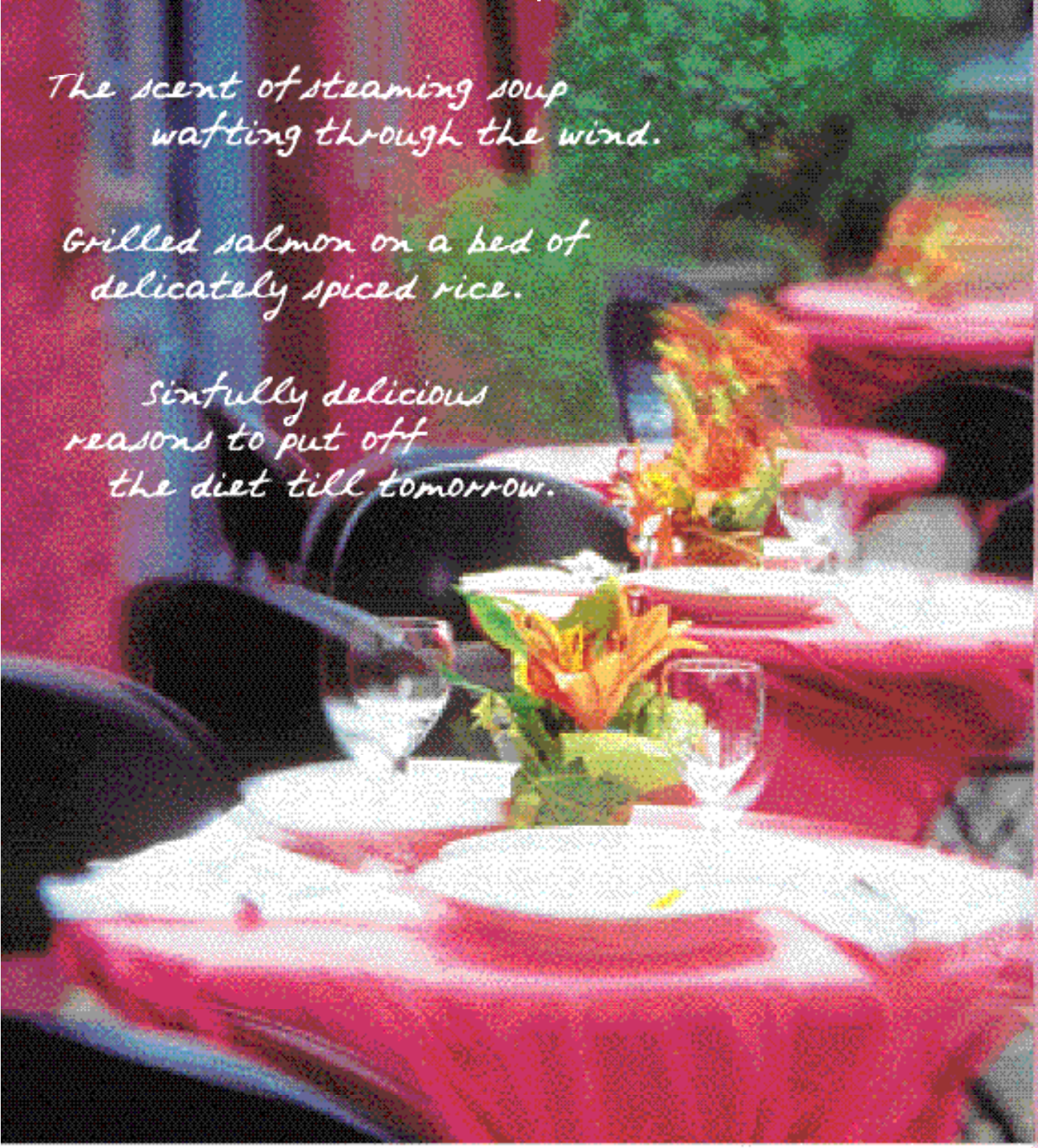
40.COMPARATIVE FIGURES

The following balance sheets comparative figures of the Bank and the Group have been reclassified to conform with current year's presentation:

	Group		Bank	
	As amended RM'000	As previously reported RM'000	As amended RM'000	As previously reported RM'000
ASSETS				
Loans and advances	98,093,762	92,653,993	76,953,162	74,574,624
LIABILITIES				
Due to Cagamas	5,439,769	-	2,378,538	-
INCOME STATEMENTS				
Interest income	8,062,296	7,920,790	5,660,925	5,519,419
Interest expense	(4,053,696)	(3,925,721)	(2,878,741)	(2,750,766)
Non-interest income	1,307,024	1,320,555	1,243,800	1,257,331

41.CURRENCY

All amounts are in Ringgit Malaysia unless otherwise stated.



There are endless opportunities to reward yourself whenever you want to, whatever the occasion. Our extensive list of merchant partners offer you the best in shopping, dining and travel with discounts of up to 60%. What's more, our Interest Free Installment Scheme lets you enjoy the lifestyle you want right now.

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Maybank How will you reward yourself today?

GROUP CORPORATE HIGHLIGHTS

Awards and Recognitions

December 2001

■ Maybank was the only Asian bank amongst the six foreign banks to be awarded the prestigious Qualifying Full Bank (QFB) status by the Monetary Authority of Singapore, effective 1 January, 2002.

March 2002

■ Maybank was named the Best Foreign Exchange Bank in Malaysia by Global Finance.

■ Maybank received the KLSE Corporate Excellence Award for the Main Board. Tan Sri Mohamed Basir bin Ahmad, Chairman of Maybank, received the award from the Prime Minister, Dato Seri Dr Mahathir Mohamed at a ceremony held at the Kuala Lumpur Stock Exchange.

Syndications

■ July 2001

Aseambankers completed the corporate advisory exercise of the US$150 million nominal value 5-year Guaranteed Convertible Bonds for YTL Power International Berhad.

■ Aseambankers acted as the joint arranger of the syndicated Al-Ijarah Al-Muntahiah Bit-Tamlik Facility of RM150 million for Johor Port Berhad.

September 2001

■ Maybank participated as a co-manager for the Singapore Housing and Development Board's S$500 million fixed-rate bond issue.

■ Aseambankers acted as the lead arranger of the Al-Bai'Bithaman Ajil Serial Bonds Issuance Programme of RM1 billion and the Al-Murabahah 7-Year Commercial Papers/Medium Term Notes Issuance Programme of RM350 million for GB3 Sdn Bhd.

■ Aseambankers acted as the adviser and lead arranger of the RM698 million Islamic Private Debt Securities Issuance Facility and the RM649.5 million Syndicated Al-Kafalah Bank Guarantee Facility for Perak-Hanjoong Simen Sdn Bhd.

October 2001

■ Aseambankers signed an Underwriting Agreement with London Biscuits Berhad in relation to its listing on the Second Board of the Kuala Lumpur Stock Exchange.

December 2001

■ Aseambankers acted as adviser and lead arranger of the RM2.0 billion Islamic Private Debt Securities Issuance Programme of Tenaga Nasional Berhad.

January 2002

■ Aseambankers signed an Underwriting Agreement with SDKM Fibres, Cables & Wires Berhad for its listing on the Second Board of the Kuala Lumpur Stock Exchange.

February 2002

■ Maybank signed an agreement with a consortium of 20 banks for a US$200 million Term Loan Facility to fund its US Dollar denominated business.

■ Aseambankers acted as the adviser and lead arranger of the RM500 million Islamic Private Debt Securities Issuance Programme of Petronas Assets Sdn Bhd.

■ Aseambankers acted as adviser and lead arranger of the RM108 million Al-Bai'Bithaman Ajil Serial Bonds Programme of Musteq Hydro Sdn Bhd.

■ Aseambankers acted as the adviser and lead arranger of the RM412.50 million Bank Guaranteed Commercial Paper Issuance Programme of Kesas Sdn Bhd.

March 2002

■ Maybank, participated in a S$103 million secured Club loan to Guthrie GTS Limited in Singapore.

April 2002

■ Maybank participated as co-arranger of the RM3.9 billion term loan facility of United Engineers (M) Berhad.

■ Maybank participated as joint arranger for Celcom's RM1.85 billion term loan facility.

May 2002

■ Aseambankers acted as adviser and lead arranger of the RM100 million Islamic Private Debt Securities Issuance Programme of TSH Resources Berhad.

June 2002

■ Maybank participated in the S$150 million term loan facility to Marco Polo Developments Limited in Singapore.

■ Maybank issued US$380 million nominal value Subordinated Notes which drew an overwhelming response resulting in an over subscription of 3.26 times. Aseambankers acted as adviser and joint lead manager of the issue.

■ Aseambankers signed an Underwriting Agreement with TRC Synergy Berhad in relation to its Listing on the Main Board of the Kuala Lumpur Stock Exchange.

■ Aseambankers completed the listing of Pin-Wee Group Berhad on the Second Board of the Kuala Lumpur Stock Exchange.

New Products and Services

July 2001

■ Maybank was appointed one of the principal distributors of Malaysia's first Gold Bullion, Kijang Emas.

August 2001

■ Mayban Life Assurance Berhad launched PremierInvest, a unique investment-linked plan that is flexible, dependable and affordable.

September 2001

■ Maybank Singapore launched CreditAble - a personal unsecured credit line - to meet changing customer needs in the republic.

October 2001

■ Maybank launched a new Islamic Banking Overdraft facility called Murabahah OD.

■ Mayban Management Berhad launched an Internet-based on-line information service called e-Service Enquiry for its unit trust investors to enquire on the status of their investment portfolio conveniently through Maybank2u.com.

■ Maybank Singapore introduced eGold, the gold card equivalent of eCard targeted at net savvy professionals in the republic.

November 2001

■ Maybank expanded its Kawanku Debit electronic point-of-sale (e-POS) facility with five major retail corporations, namely Jaya Jusco, Metrojaya, Sogo, Kamdar and Makro to enable Maybank and Mayban Finance Kawanku ATM cardholders to make payments at these stores without having to use cash.

January 2002

■ Maybank signed partnership agreements for Bill Payment Services with Dewan Bandaraya Kota Kinabalu, Sabah Electricity Sdn Bhd and Sutera Harbour Group of Companies, that allow customers of the three payee corporations to pay their bills online either through Maybank2u.com or through Maybank Kawanku Phone Banking.

■ Maybank introduced an online Interbank Fund Transfer (GIRO) service at Maybank2u.com to allow registered users to transfer funds from a Maybank account to a savings/current account maintained at any of the 11 participating local banks and finance companies.

February 2002

■ Maybank signed a smart partnership agreement with Asiatravelmart, a top online travel company in Asia, where Asiatravelmart subscribes to Maybank2u.com as a payment gateway for purchases made at its online travel business website.

■ Maybank Singapore introduced DeferPlus Home Loan, Singapore's first deferred payment scheme for housing loans which allows homeowners to defer a portion of the loan for up to 10 years.

March 2002

■ Maybank signed a strategic alliance with Microsoft that will extend Maybank2u.com to a wider audience reach, specifically to subscribers of Microsoft's MSN Malaysia/Singapore sites and users of MSN Explorer.

■ Singapore's first QFB-shared ATM network went live under a joint initiative by Maybank, HSBC and Standard Chartered Bank, giving customers access to 54 ATM locations islandwide to conduct balance enquiry and cash withdrawal transactions.

■ Maybank, together with HSBC and OCBC Bank, signed on to be the first three banks in Singapore to offer customers the convenience of multi-bank online direct debit service operated by Green Dot Payment Services and BCS Information Systems.

April 2002

■ Maybank became the first financial institution in Singapore to allow its credit card members to set spending limits on their supplementary cards with separate monthly account statements.

■ Maybank and Express Rail Link Sdn Bhd (ERLSB) signed a Retail Financial Services agreement that enables Maybank to offer its banking as well as its credit card payment facilities to visitors and travellers using ERLSB's facilities at Kuala Lumpur Sentral and Kuala Lumpur International Airport (KLIA).

May 2002

■ Mayban Management launched its fifth trust fund, Mayban Index-Linked Trust Fund (MILTF).The Fund which closely mirrors the performance of Malaysia's benchmark Kuala Lumpur Composite Index (KLCI), has an approved fund size of 200 million units.

■ Maybank Singapore launched its first off-site ATM under its QFB privileges at Jurong Point Shopping Centre.

The promotion was held to reward customers of Maybank Credit Card, Premier 1 Deposit and Housing Loans.

■ A brand new Volkswagen (VW) Beetle worth more than RM250,000 as well as other prizes were presented to winners of the Maybank MasterCard VW Campaign Contest.

April 2002

■ Mayban General Assurance held a Sweepstake prize presentation ceremony for the winners of its "Win A Holiday" contest, in which the Grand Prize was a return trip to London.

May 2002

■ Three brand new Mini Cooper S cars worth RM555,000 were given to the grand prize winners of the Maybank Mini Chase Contest at a prize presentation in Kuala Lumpur. The contest also offered a cash prize of RM1000 daily for the tenth correct entry received.

June 2002

■ Winners of the Maybank MasterCard Perfect Match Contest received their prizes worth over RM100,000, which included tickets and expenses to the 2002 FIFA World Cup Semi Final and Final matches in South Korea and Japan.

■ A total of 105 Maybank customers who were winners of the Maybank2u.com Pay Bills Contest were presented with LeRun Mountain Bikes worth a total of RM150,000.

Community Programmes

August 2001

■ In conjunction with the month-long Merdeka celebrations, Maybank distributed over 100,000 "Jalur Gemilang" national flags to customers at its Malaysian branches.

September 2001

■ The Maybank Group contributed RM25,000 to Yayasan Kebajikan Haemodialisis the Southern Melaka and RM5,000 to Zoo Melaka.

Product Promotions

November 2001

■ Over RM450,000 worth of prizes were given away to the winners of the Maybank Mega Promotion Contest, themed "Feel on Top of The World".

■ Staff of Maybank Hong Kong Branch participated in the Community Chest of Hong Kong's "Dress Casual Day" to raise awareness of the plight of the less fortunate and raised HKD1,800 for charity.

October 2001

■ Maybank Group contributed RM144,320 to the Kumpulan Maybank Bone Marrow Transplant Centre, Hospital Universiti Kebangsaan Malaysia (HUKM).The amount was the proceeds from the Million Ringgit Charity Duck

Race in which Maybank was the platinum sponsor.

■ Maybank Group contributed RM36,500 to Zoo Negara for the upkeep of two Sumatran tigers and six fish owls that the Group has adopted since 1977 and 1980, respectively.

January 2002

■ In conjunction with Hari Raya Aidilfitri, the Maybank Group donated a total of RM53,000 to the needy, including children in need of medical surgery and treatment.

June 2002

■ Datuk Chong Kah Kiat, Chief Minister of Sabah witnessed a cheque presentation of RM75,000 by Tan Sri Muhammed Basir bin Ahmad, Chairman of Maybank to the Sabah State Government for the SUKMA IX Games in Sabah.

■ A total of 49 recipients received new scholarships worth RM269,500 at a special ceremony held at Menara Maybank.Another 101 existing scholars continued to receive their Maybank scholarships in the year, worth RM559,000.

November 2001

■ Mayban Life Assurance and Mayban General Assurance launched a "Live Life" Charity Campaign, graced by Datin Seri Endon Mahmood, wife of the Deputy Prime Minister to raise funds for charity. Proceeds from the sales of two specially compiled compact discs in English and Bahasa Malaysia were channeled to Shelter Home for Children and Women's Aid Organisation.

■ In conjunction with the Deepavali celebration, the Maybank Group donated RM39,500 to five needy individuals who required urgent medical treatment and surgery.

February 2002

■ Maybank Group contributed RM53,000 to six children suffering from various heart complications as well as one other child requiring assistance for cancer treatment, in conjunction with the Chinese New Year celebration.

April 2002

■ Staff of Hong Kong Branch skipped lunch for the day and contributed their lunch money to the Community Chest.

May 2002

■ Maybank contributed RM5 million to the Ministry of Health for the estabishment of the first national Liver Transplant Centre, named Pusat Perkhidmatan Transplan Hepar Kebangsaan Kementerian Kesihatan Malaysia, at Hospital Selayang.The Chairman of Maybank, Tan Sri Mohamed Basir bin Ahmad presented the cheque to the Minister of Health, Dato'Chua Jui Meng at the launching ceremony of the Centre.

Employee Recognition

July 2001

■ Maybank Group presented 103 awards totalling RM42,900 to children of staff who excelled in various local examinations in the year 2000.

August 2001

■ Maybank held a special ceremony to give support to 20 employees selected to represent Malaysia in various sporting events in the XXI SEA Games which was held from 8 - 17 September, 2001.The athletes each received sports attires and accessories to help them in their preparation of the Games.

September 2001

■ A total of 533 employees of Maybank were presented with 10-year Long Service Awards.

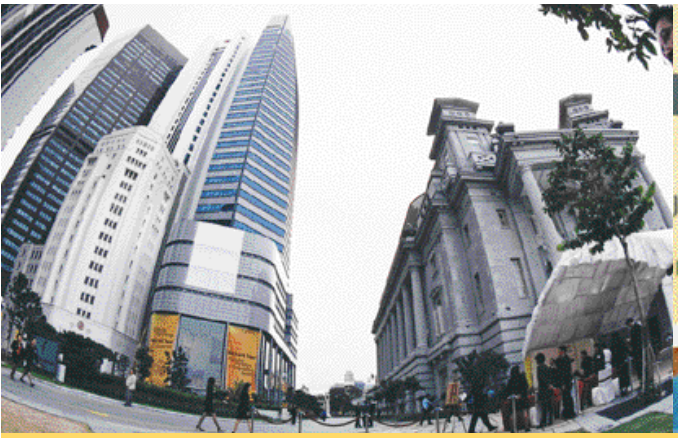
■ Maybank presented Long Service Awards to 471 staff who had served the Bank for 20 and 30 years.

May 2002

■ One hundred and twenty five Maybank employees were presented with Staff Recognition Awards for their achievements in various professional examinations.

■ Deputy Prime Minister, Dato'Seri Abdullah Ahmad Badawi, officially launched Dataran Maybank, a new landmark in Bangsar, Kuala Lumpur. Dataran Maybank comprises three tower blocks, which houses the head offices of Mayban Finance, Mayban General Assurance, Mayban Fortis Holdings, Mayban Life Assurance, Mayban Life International, Mayban Securities and Mayban Futures.

■ Maybank hosted and sponsored the 4th Meeting of the Asian Program of the Institute of International Finance, Inc. (IIF) held in Kuala Lumpur. IIF is a global association of financial institutions with more than 310 members, including 60 member financial firms in Asia.



Corporate Events

July 2001

■ The Deputy Prime Minister of Singapore, Brigadier General Lee Hsien Loong officially launched Maybank Tower, the new S$120 million, 32-storey headquarters of Maybank in Singapore, adding a prominent landmark in the republic's city skyline.

August 2001

■ The Maybank Group announced a pre-tax profit of RM1.509 billion for the year ended 30 June, 2001.

September 2001

■ Maybank held its 41st Annual General Meeting at Menara Maybank, Kuala Lumpur.

November 2001

■ The Maybank Group announced a pre-tax profit of RM548.5 million for the first quarter ended 30 September, 2001.

January 2002

■ Maybank Singapore relocated its first branch as a QFB. Serving as the centre for share margin financing, Robinson Road Branch was the first of up to 10 branches that will be relocated within the next two to three years.

February 2002

■ The Maybank Group announced a pre-tax profit of RM1.21 billion for the half-year ended 31 December, 2001.

May 2002

■ The Maybank Group announced a pre-tax profit of RM1.88 billion for the nine months ended 31 March, 2002.

June 2002

■ Maybank held an Extraordinary General Meeting at Menara Maybank, Kuala Lumpur.

ANALYSIS OF SHAREHOLDINGS

AS AT 9 AUGUST, 2002

Authorised Share Capital	:	4,000,000,000
Paid-Up Share Capital	:	3,552,172,021
Class of Shares	:	Ordinary Share of RM 1 each
Voting Right	:	1 vote per Ordinary Share

Size of Shareholdings	No.of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 1,000	7,275	19.73	2,984,856	0.08
1,000 - 10,000	24,041	65.19	72,638,068	2.05
10,001 - 100,000	4,464	12.10	126,434,710	3.56
100,001 to less than 5% of issued shares	1,094	2.97	1,318,627,685	37.12
5% and above of issued shares	4	0.01	2,031,486,702	57.19
Total	36,878	100.00	3,552,172,021	100.00

Substantial Shareholders

No.	Name of Shareholders	No. of Shares Held	% of Shares
1	Amanah Raya Nominees Tempatan Sdn Bhd (Skim Amanah Saham Bumiputera)	1,117,261,075	31.45
2	Permodalan Nasional Berhad	585,304,187	16.48
3	Employees Provident Fund Board	328,508,949	9.25

Top Thirty Shareholders

No.	Name of Shareholders	No. of Shares Held	% of Shares
1	Amanah Raya Nominees Tempatan Sdn Bhd (Skim Amanah Saham Bumiputera)	1,117,261,075	31.45
2	Permodalan Nasional Berhad	585,304,187	16.48
3	Employees Provident Fund Board	328,508,949	9.25
4	Khazanah Nasional Berhad	172,500,000	4.86
5	Lembaga Kemajuan Tanah Persekutuan Felda	100,002,725	2.82
6	Amanah Raya Nominees Tempatan Sdn Bhd (Amanah Saham Wawasan 2020)	54,824,000	1.54
7	Amanah Raya Nominees Tempatan Sdn Bhd (Skim Amanah Saham Nasional)	51,701,900	1.46
8	HSBC Nominees Asing Sdn Bhd (Emerging Markets Growth Fund)	32,999,450	0.93
9	Malaysia Nominees Tempatan Sdn Bhd (Great Eastern Life Assurance Malaysia Berhad MLF)	31,048,400	0.87
10	Amanah Raya Nominees Tempatan Sdn Bhd (Amanah Saham Malaysia)	30,600,000	0.86

No.	Name of Shareholders	No. of Shares Held	% of Shares
11	Botly Nominees Asing Sdn Bhd (Fleet Investments Management Ltd)	22,258,500	0.63
12	HSBC Nominees Asing Sdn Bhd (Abu Dhabi Investment Authority)	19,742,860	0.55
13	Tasec Nominees Asing Sdn Bhd (TA Securities HK Ltd For Delroy Investment Holdings Limited)	12,901,000	0.36
14	Pertubuhan Keselamatan Sosial	12,549,450	0.35
15	Yong Siew Yoon	11,374,998	0.32
16	Kumpulan Wang Amanah Pencen	11,340,600	0.32
17	Tasec Nominees Asing Sdn Bhd (TA Securities HK Ltd For Jeffrey Smith)	11,100,000	0.31
18	Cartaban Nominees Asing Sdn Bhd (Government of Singapore Investment Corporation Pte Ltd for Government of Singapore C)	9,836,500	0.28
19	HSBC Nominees Asing Sdn Bhd (Capital International Emerging Markets Investment Fund)	9,444,400	0.26
20	HDM Nominees Asing Sdn Bhd (Lim & Tan Securities Pte Ltd for Topview Holdings Limited)	9,381,900	0.26
21	Kumpulan Wang Amanah Pencen	9,298,200	0.26
22	Kumpulan Wang Amanah Pencen	9,172,300	0.26
23	Kumpulan Wang Amanah Pencen	7,712,200	0.22
24	HSBC Nominees Asing Sdn Bhd (Allied Dunbar Assurance Public Limited Company)	7,605,150	0.21
25	HSBC Nominees Asing Sdn Bhd (Stichting Pensioenfonds ABP)	6,687,100	0.19
26	Citicorp Nominees Tempatan Sdn Bhd (Ing Insurance Berhad Inv-II Par)	6,634,100	0.19
27	Kumpulan Wang Amanah Pencen	6,621,600	0.19
28	Cartaban Nominees Asing Sdn Bhd (SSBT Fund PO01 For Morgan Stanley Investment Management Emerging Markets Trust)	6,484,400	0.18
29	Kumpulan Wang Amanah Pencen	6,317,700	0.18
30	HSBC Nominees Asing Sdn Bhd (JPMCB For Fleming Flagship Asian Opportunities Fund)	6,068,000	0.17
Total		2,707,281,644	76.21

CHANGES IN SHARE CAPITAL

Authorised Share Capital

The present authorised share capital of the Bank is RM4,000,000,000 divided into 4,000,000,000 ordinary shares of RM1.00 each. Details of changes in its authorised share capital since its incorporation are as follows:-

Date	Increase in Authorised Share Capital	Total Authorised Share Capital
31/05/1960	20,000,000	20,000,000
06/09/1962	30,000,000	50,000,000
09/04/1977	150,000,000	200,000,000
17/01/1981	300,000,000	500,000,000
06/10/1990	500,000,000	1,000,000,000
09/10/1993	1,000,000,000	2,000,000,000
19/06/1998	2,000,000,000	4,000,000,000

Issued And Paid-Up Share Capital

Details of changes in the Bank's issued and paid-up share capital since its incorporation are as follows:-

Date of Allotment	No.of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Total Issued and Paid-Up Capital RM'000
31/05/1960	1,500,000	5.00	Cash	7,500,000
18/05/1961	500,000	5.00	Cash	10,000,000
31/05/1962	1,000,000	5.00	Rights Issue (1:2) at RM7.00 per share	15,000,000
21/08/1968	1,500,000	5.00	Rights Issue (1:2) at RM7.00 per share	22,500,000
04/01/1971	22,500,000	1.00*	Rights Issue (1:1) at RM1.50 per share	45,000,000
06/05/1977	15,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:3)	60,000,000
23/06/1977	30,000,000	1.00	Rights Issue (1:2) at RM3.00 per share	90,000,000
21/02/1981	30,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:3)	120,000,000
10/04/1981	60,000,000	1.00	Rights Issue (1:2) at RM4.00 per share	180,000,000
14/11/1984	45,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:4)	225,000,000
28/12/1984	45,000,000	1.00	Rights Issue (1:4) at RM6.00 per share	270,000,000
30/11/1985	68,249	1.00	Conversion of Unsecured Notes	270,068,249

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Total Issued and Paid-Up Capital RM'000
15/11/1986	9,199,999	1.00	Issued in exchange for purchase of Kota Discount Berhad (Now known as Mayban Discount Berhad)	279,268,248
01/12/1986	10,550	1.00	Conversion of Unsecured Notes	279,278,798
29/07/1987 to 20/10/1987	90,000	1.00	Exercise of Employees'Share Option Scheme ("ESOS")	279,368,798
30/11/1987	11,916	1.00	Conversion of Unsecured Notes	279,380,714
08/06/1988	27,938,071	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:10)	307,318,785
30/11/1988	10,725	1.00	Conversion of Unsecured Notes	307,329,510
16/03/1989 to 21/06/1989	9,198,206	1.00	Exchange for Kwong Yik Bank Berhad ("KYBB") shares	316,527,716
11/07/1989 to 23/11/1989	7,555,900	1.00	Exercise of Employees'Share Option Scheme ("ESOS")	324,083,616
30/11/1989	46,174,316	1.00	Conversion of Unsecured Notes	370,257,932
01/12/1989 to 24/10/1990	4,508,900	1.00	Exercise of Employees'Share Option Scheme ("ESOS")	374,766,832
16/11/1990	187,383,416	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:2)	562,150,248
27/11/1990	11,550	1.00	Exercise of Employees'Share Option Scheme ("ESOS")	562,161,798
30/11/1990	280,497	1.00	Conversion of Unsecured Notes	562,442,295
03/01/1991	3,300	1.00	Exercise of Employees'Share Option Scheme ("ESOS")	562,445,595
03/01/1991	188,991,002	1.00	Rights Issue (1:2) at RM5.00 per share	751,436,597
04/01/1991	4,950	1.00	Rights Issue (1:2) upon ESOS at RM5.00 per share	751,441,547
25/01/1991 to 28/11/1991	726,000	1.00	Exercise of Employees'Share Option Scheme ("ESOS")	752,167,547
30/11/1991	35,197	1.00	Conversion of Unsecured Notes	752,202,744
11/12/1991 to 20/05/1992	5,566,000	1.00	Exercise of Employees'Share Option Scheme ("ESOS")	757,768,744
30/11/1992 to 30/11/1993	3,153,442	1.00	Conversion of Unsecured Notes	760,922,186
18/01/1994	380,461,093	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:2)	1,141,383,279
29/12/1994	2,030,428	1.00	Conversion of Unsecured Notes	1,143,413,707
19/06/1998	1,143,413,707	1.00	Capitalisation of Share Premium and Retained Profit Account (Bonus Issue 1:1)	2,286,827,414
21/09/1998 to 09/10/2001	72,909,000	1.00	Exercise of Employees'Share Option Scheme ("ESOS")	2,359,736,414
23/10/2001	1,179,868,307	1.00	Capitalisation of Retained Profit Account (Bonus Issue 1:2)	3,539,604,721
25/10/2001 to 31/07/2002	12,567,300	1.00	Exercise of Employees'Share Option Scheme ("ESOS")	3,552,172,021

** The par value of the Bank's shares was changed from RM5.00 to RM1.00 on November 25, 1968.*

PROPERTIES OWNED BY MAYBANK GROUP

Area	No. of Properties		Land Area	Book Value
	Freehold	Leasehold	(sq.m.)	as at 30.06.02 (RM)
Maybank				
Kuala Lumpur	13	5	44,304.75	195,461,500.70
Johor Darul Takzim	19	8	16,714.07	70,968,557.76
Kedah Darul Aman	11	6	8,392.21	11,686,058.70
Kelantan Darul Naim	1	6	2,846.00	2,570,065.74
Melaka	1	6	4,005.18	6,523,303.44
Trengganu Darul Iman	2	3	2,326.00	4,059,676.54
Negeri Sembilan Darul Khusus	8	3	17,228.00	5,920,628.29
Pahang Darul Makmur	7	19	23,756.05	17,419,408.66
Perak Darul Ridzuan	15	9	14,608.65	17,616,926.48
Perlis Indera Kayangan	1	2	1,287.00	1,856,206.20
Pulau Pinang	12	7	11,828.74	22,531,964.53
Sabah	-	32	23,006.14	29,300,443.31
Sarawak	3	16	11,879.80	14,776,201.38
Selangor Darul Ehsan	18	14	104,780.95	83,600,905.80
Singapore	13	11	27,757.00	S$36,817,034.07
Hong Kong	-	2	193.00	HK$1,716,834.74
London	-	6	1,215.00	GBP522,382.32
Maybank International (L) Ltd				
Wilayah Persekutuan Labuan	3	2	1,090.11	USD293,108.00
Mayban Finance Berhad				
Kuala Lumpur	12	10	324.79	63,209,529.36
Johor Darul Takzim	18	2	3,192.87	12,631,322.36
Kedah Darul Aman	7	4	1,650.72	3,131,210.55
Kelantan Darul Naim	-	2	298.00	1,141,956.18
Melaka	1	3	799.46	2,367,794.36
Negeri Sembilan Darul Khusus	6	2	3,061.72	2,112,507.92
Pahang Darul Makmur	4	4	1,009.48	2,575,750.97
Perak Darul Ridzuan	13	-	1,514.10	3,408,991.41
Perlis Indera Kayangan	-	1	188.00	293,927.67
Pulau Pinang	12	1	1,549.26	7,559,989.17
Sabah	0	8	1,335.59	5,620,584.18
Sarawak	6	6	1,779.70	5,916,074.70
Selangor Darul Ehsan	13	2	4,001.48	12,396,742.55
Terengganu Darul Iman	6	0	2,986.00	1,911,897.32

Area	No. of Properties		Land Area	Book Value
	Freehold	Leasehold	(sq.m.)	as at 30.06.02 (RM)
Mayban General Assurance Berhad				
Kuala Lumpur	-	1	3,197.83	83,180,572.43
Pahang Darul Makmur	1	-	185.80	348,588.80
Kedah Darul Aman	2	-	273.94	835,644.10
Perlis Indera Kayangan	-	1	130.00	164,893.16
Melaka	1	1	307.03	808,614.45
Sarawak	1	-	429.12	1,092,275.20
Sabah	-	1	186.04	920,987.39
Perak Darul Ridzuan	1	-	223.05	155,403.51
Penang	1	-	171.00	607,906.00
Singapore	-	1	638.00	1,278,403.00
Mayban Discount Berhad				
Negeri Sembilan Darul Khusus	1	-	701.30	168,446.55
Pahang Darul Makmur	1	-	102.91	193,119.70
Aseambankers Malaysia Berhad				
Negeri Sembilan Darul Khusus	-	1	219.25	376,927.25
Pahang Darul Makmur	-	1	126.30	224,791.15
Pulau Pinang	1	-	87.07	180,420.00
Mayban Life Assurance Berhad				
Kuala Lumpur	-	1	4,531.27	98,161,478.46
Negeri Sembilan Darul Khusus	1	-	372.77	300,000.00
Mayban Securities Sdn Bhd				
Negeri Sembilan Darul Khusus	1	-	372.72	211,516.66
Perak Darul Ridzuan	-	1	260.00	283,604.57
Mayban PB Holdings				
Kuala Lumpur	1	3	1,550.32	6,783,940.68
Johor Darul Takzim	2	1	1,330.28	3,417,717.28
Kedah Darul Aman	1	-	370.00	877,800.40
Pahang Darul Makmur	1	2	595.42	1,318,543.58
Perak Darul Ridzuan	1	1	1,359.42	2,972,569.29
Pulau Pinang	1	-	445.93	1,021,270.39
Sabah	-	3	634.81	2,084,229.00
Sarawak	-	1	314.00	1,158,483.45
Selangor Darul Ehsan	3	2	1,992.77	8,073,926.61

MAYBANK GROUP OFFICES WORLDWIDE

Maybank

MALAYSIA
327 branches

SINGAPORE
22 branches

BRUNEI DARUSSALAM
3 branches

PEOPLE'S REPUBLIC OF CHINA
1 branch and
1 representative office

HONG KONG SAR
1 branch

VIETNAM
1 branch and
1 representative office

UNITED KINGDOM
1 branch

UNITED STATES OF AMERICA
1 branch

CAMBODIA
1 branch

BAHRAIN
1 branch

Maybank Group Network

Aseambankers Malaysia Bhd
1 branch

Mayban General Assurance Bhd
10 branches

Mayban Discount Bhd
1 branch

Mayban Finance Bhd
105 branches

Mayban Futures Sdn Bhd
1 branch

Mayban International Trust (Labuan) Bhd
1 branch

Maybank International (L) Ltd
1 branch

Mayban Investment Management Sdn Bhd
1 branch

Mayban Life Assurance Bhd
1 branch

Mayban Management Bhd
1 branch

Maybank Philippines Inc
58 branches

Maybank (PNG) Ltd
(Papua New Guinea)
2 branches

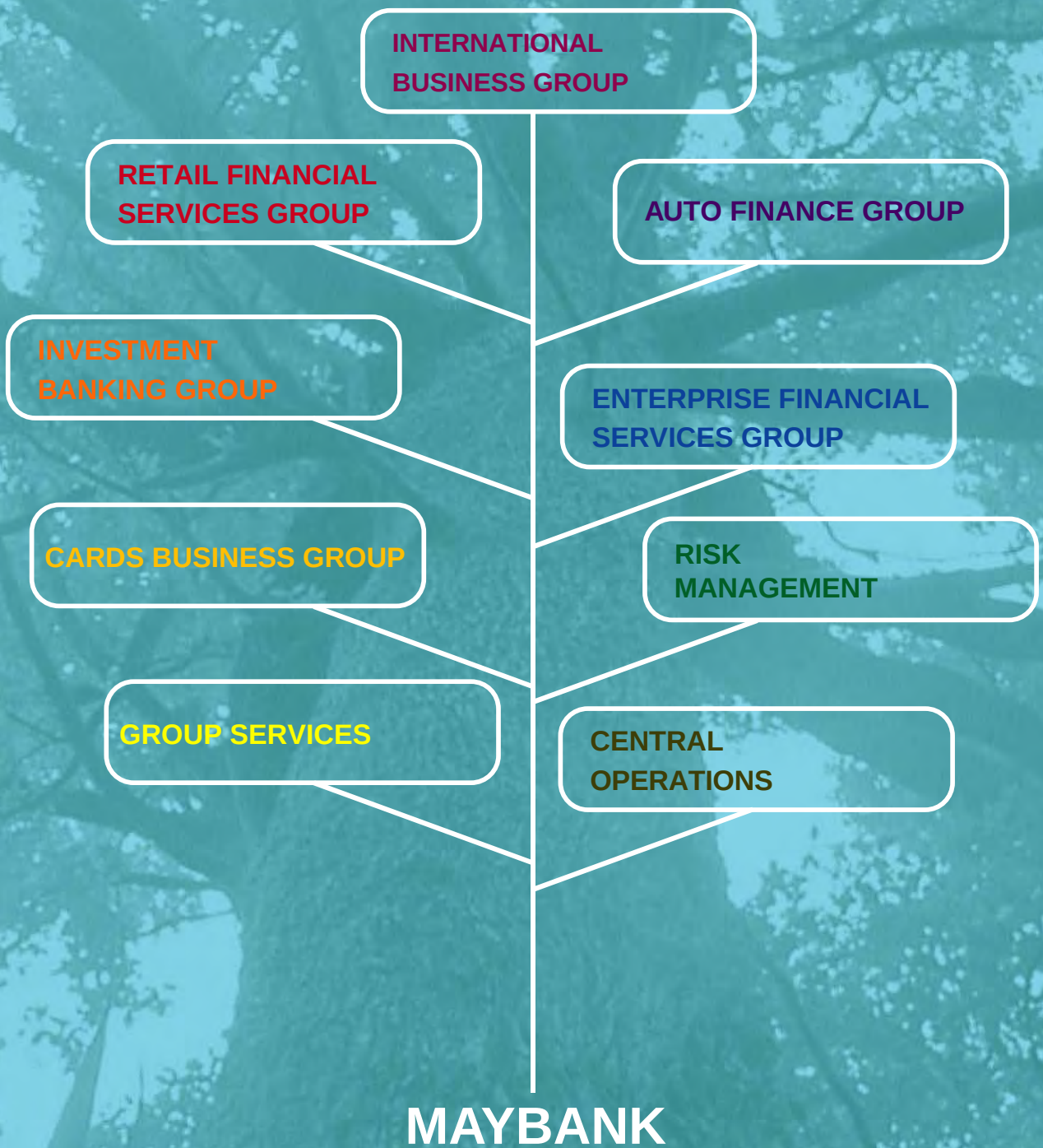
Mayban Securities Sdn Bhd
2 branches

Mayban Trustees Bhd
1 branch

Mayban Ventures Sdn Bhd
1 branch

P.T. Bank Maybank Indocorp
(Indonesia)
1 branch

GROUP CORPORATE STRUCTURE



GROUP DIRECTORY

Commercial Banking

Maybank
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

P.T. Bank Maybank Indocorp
BCD Tower Lt.17
Jalan Jend.Sudirman Kav. 26
Jakarta 12920, Indonesia.

Maybank Philippines Incorporated
Legaspi Towers 300
Roxas Boulevard
Manila, Philippines

Maybank International (L) Ltd
Level 16 (B), Main Office Tower
Financial Park Labuan
Jalan Merdeka, 87000
Wilayah Persekutuan Labuan

Maybank (PNG) Ltd
Corner Waigani Road/Islander Drive
P.O. Box 882 Waigani,
National Capital District
Papua New Guinea

Investment Banking

Aseambankers Malaysia Bhd
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Ventures Sdn Bhd
26th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Venture Capital Company Sdn Bhd
26th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Discount Bhd
31st Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Management Bhd
26th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Investment Management Sdn Bhd
34th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Futures Sdn Bhd
32nd Floor, Menara Maybank
100 Jalan Tun Razak
50050 Kuala Lumpur

Mayban-JAIC Capital Management Sdn Bhd
26th Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

Finance Company

Mayban Finance Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Aseamlease Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Aseam Credit Sdn Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Insurance

Mayban General Assurance Bhd
Level 15, MaybanLife Tower
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Mayban Life Assurance Bhd
Level 15, MaybanLife Tower
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Mayban Life International (L) Ltd
Level 16 (B), Main Office Tower
Financial Park Labuan
Jalan Merdeka, 87000
Wilayah Persekutuan Labuan

Mayban Takaful Bhd
Level 15, MaybanLife Tower
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Stockbroking

Mayban Securities Sdn Bhd
Level 8, Mayban Life Tower
Dataran Maybank
No. 1, Jalan Maarof
59200 Kuala Lumpur

Maysec (Ipoh) Sdn Bhd
32nd Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

Trustee Services

Mayban International Trust (Labuan) Bhd
Level 16 (B), Main Office Tower
Financial Park Labuan
Jalan Merdeka, 87000
Wilayah Persekutuan Labuan

Mayban Trustees Bhd
34th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Provision of Corporate Directorship and Secretaryship

Mayban Offshore Corporate Services (Labuan) Sdn Bhd
Level 16 (B), Main Office Tower
Financial Park Labuan
Jalan Merdeka, 87000
Wilayah Persekutuan Labuan

FORM OF PROXY

I/We *(Full name in capital)* _____

of *(Full address)* _____

being a Member/Members of Malayan Banking Berhad *(3813-K)*, hereby appoint *(Full name in capital)* _____

_____

(Full address) _____

or failing him/her *(Full name in capital)* _____

of *(Full address)* _____

as my/our proxy to vote for me/us and on my behalf at the 42nd Annual General Meeting of the Company to be held at the 51st Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur, on Tuesday, 8 October, 2002 at 11.30 a.m.and at any adjournment thereof.

My/our proxy is to vote on the Resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

		For	Against
RESOLUTION 1	Receive the Reports and Accounts		
RESOLUTION 2	Declaration of Final Dividend		
RESOLUTION 3	Re-election of Tan Sri Mohamed Basir bin Ahmad		
RESOLUTION 4	Re-election of Haji Mohd Hashir bin Haji Abdullah		
RESOLUTION 5	Re-election of Datuk Abdul Rahman bin Mohd Ramli		
RESOLUTION 6	Re-election of Ms Hooi Lai Hoong		
RESOLUTION 7	Re-appointment of Dato'Richard Ho Ung Hun		
RESOLUTION 8	Re-appointment of Raja Tan Sri Muhammad Alias bin Raja Muhd.Ali		
RESOLUTION 9	Approve the revision and payment of Directors' Fees in respect of the Year ended 30 June, 2002		
RESOLUTION 10	Appointment of Messrs Ernst & Young as Auditors		
RESOLUTION 11	Authority under S132D of the Companies Act, 1965 for the Directors to issue shares		

Dated this _____ 2002

Signature of Shareholder _____

Number of Shares held	
Telephone No.	

NOTES:

1 A Member entitled to attend and vote at the 42nd AGM is entitled to appoint a proxy to attend and, on a show of hands or on a poll, to vote instead of him. **A proxy shall be a Member of the Company, an Advocate, an approved Company Auditor or a person approved by the Companies Commission of Malaysia (formerly Registrar of Companies).**

2 Form of Proxy of a corporation shall be given under its Common Seal.

3 Duly completed Form of Proxy must be deposited at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur, **by 4 October, 2002 at 11.30 a.m.**

4 For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.

5 For scripless, only members registered in the Record of Depositors on or before 12.30 p.m.on 4 October, 2002 shall be eligible to attend the AGM.

STAMP

CORPORATE SERVICES

MAYBANK

14th Floor, Menara Maybank,

100, Jalan Tun Perak,

50050 Kuala Lumpur,

Malaysia.

Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: 03-2070 8833
Fax: 03-2070 2611

ANNUAL REPORT 2002

MALAYAN BANKING BERHAD (3813-K)